

THE APPLICATION OF CHEVRON U.S.A. INC. FOR FIELDWIDE NET GAS-OIL RATIO AUTHORITY IN THE CONGER, SW (WOLFCAMP) FIELD, GLASSCOCK, REAGAN AND STERLING COUNTIES, TEXAS

Heard by: Donna K. Chandler on April 7, 2011

Appearances:

Tim George
Richard Gill

Representing:

Chevron U.S.A. Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Chevron U.S.A. Inc. requests increased net gas-oil ratio authority for all wells in the Conger, SW (Wolfcamp) such that each well has a casinghead gas limit of 1,210 MCFD. Chevron also requests that all overproduction in the field be canceled.

This application was unopposed and the examiner recommends approval of the requested casinghead gas limit and cancellation of all overproduction.

DISCUSSION OF THE EVIDENCE

The Conger, SW (Wolfcamp) Field was discovered in 1993. The field is an associated field with 98 oil wells and two gas wells on the current proration schedule. Production is from a depth of approximately 7,100 feet. The top allowable for oil wells is 121 BOPD and 242 MCFD. The gas field is classified as exempt. The field operates under Statewide Rules.

The Conger, SW (Penn) Field was discovered in 1979 and is from a depth of approximately 8,100 feet. There are 18 oil wells and 121 gas wells on the current proration schedule for the Conger, SW (Penn) Field. The gas field is AOF status. The top allowable for oil wells in the field is 352 BOPD and 704 MCFD.

Chevron has been granted Rule 10 authority for the Conger, SW (Wolfcamp) and Conger, SW (Penn) Fields in the past. Chevron plans to drill additional wells to the Penn and plans to fracture treat the two zones at initial completion. Neither zone is economically viable as a single completion.

Chevron submitted production data from several wells to demonstrate that the majority of gas production is from the Penn zone, and therefore increased gas production from a commingled well will adversely affect oil production from the Wolfcamp zone. In 2008, the Reagan G No. 3 was completed as Penn producer and initially produced over 1,000 MCFD. Production stabilized at about 200-300 MCFD and the well was recompleted to the Wolfcamp. Gas production from the Wolfcamp completion has been 100 MCFD or less since that recompletion. Similarly, the Glasscock Fee No. 1 was initially a Penn completion in 2008, with gas production at about 900 MCFD and decreasing to about 300 MCFD before the well was recompleted to the Wolfcamp. After the recompletion, gas production was about 100 MCFD. The two zones in this well were commingled in early 2009 and gas production was a maximum of about 500 MCFD. Three other wells, the Reagan H No. 5, the Reagan I No. 2 and the Sterling S No. 8, were all recompleted to the Wolfcamp after initial completions in the Penn. In all three wells, gas production from the Penn completion was always significantly more than gas production from the Wolfcamp completion. Wolfcamp gas production in all of the wells rarely exceeded 100 MCFD. All three wells were eventually commingled in both zones and the maximum gas production rate from any well was about 300 MCFD.

The Sterling Z Well No. 2 was completed in 2008 in the Wolfcamp only. Gas production from the well was initially about 200 MCFD but declined to less than 10 MCFD in less than one year.

Production data was also submitted for several wells which were commingled in the Penn and Wolfcamp from initial completion. The highest gas production from any commingled well was about 1,100 MCFD. Based on the separate production data available, Chevron believes that a permissible gas-oil ratio of 10,000 cubic feet per barrel (1,210 MCFD) is appropriate for the Conger, SW (Wolfcamp) Field, which is the field in which commingled wells will be carried. The higher gas-oil ratio will not cause waste, as the majority of gas production from a commingled well is from the Penn.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Conger, SW (Wolfcamp) Field was discovered 1993 and is an associated field.
 - a. There are 98 oil wells and two gas wells on the current proration schedule.
 - b. Production is from a depth of approximately 7,100 feet.
 - c. The top allowable for oil wells is 121 BOPD and 242 MCFD. The gas field is classified as exempt.

3. The Conger, SW (Penn) Field was discovered in 1979 and is an associated field.
 - a. Production is from a depth of approximately 8,100 feet.
 - b. There are 18 oil wells and 121 gas wells on the current proration schedule for the field.
 - c. The top allowable for oil wells in the field is 352 BOPD and 704 MCFD. The gas field is AOF status.
4. Chevron has been granted Rule 10 authority for the Conger, SW (Wolfcamp) and Conger, SW (Penn) Fields in the past.
5. Neither the Wolfcamp or Penn are economically viable as single completions.
6. The Wolfcamp produces much less gas than the Penn.
 - a. In 2008, the Reagan G No. 3 was completed as Penn producer and initially produced over 1,000 MCFD. Production stabilized at about 200-300 MCFD and the well was recompleted to the Wolfcamp. Gas production from the Wolfcamp completion has been 100 MCFD or less since that recompletion.
 - b. The Glasscock Fee No. 1 was initially a Penn completion in 2008, with gas production at about 900 MCFD and decreasing to about 300 MCFD before the well was recompleted to the Wolfcamp. After the recompletion, gas production was about 100 MCFD. The two zones in this well were commingled in early 2009 and gas production was a maximum of about 500 MCFD.
 - c. The Sterling Z Well No. 2 was completed in 2008 in the Wolfcamp only. Gas production from the well was initially about 200 MCFD but declined to less than 10 MCFD in less than one year.
7. Increasing the casinghead gas allowable to 1,120 MCFD in the Conger, SW (Wolfcamp) Field will not harm ultimate recovery from the Wolfcamp.
 - a. Production data from several wells which were commingled in the Penn and Wolfcamp from initial completion indicate maximum gas production of 1,100 MCFD.

- b. Based on the separate production data available, a permissible gas-oil ratio of 10,000 cubic feet per barrel (1,210 MCFD) is appropriate for the Conger, SW (Conger) Field, which is the field in which commingled wells will be carried.
8. Cancellation of overproduction in the Conger, SW (Conger) Field will not cause waste or harm correlative rights.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Approval of increased net gas-oil ratio with a casinghead gas limit of 1,210 MCFD per well in the Conger, SW (Wolfcamp) Field will not cause waste or harm correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends approval of fieldwide increased net gas-oil ratio authority with a casinghead gas limit of 1,210 MCFD per well in the Conger, SW (Wolfcamp) Field. It is also recommended that all overproduction in the field be canceled.

Respectfully submitted,

Donna K. Chandler
Technical Examiner