

THE APPLICATION OF PIONEER NATURAL RESOURCES USA, INC. TO CONSIDER INCREASED NET GOR AUTHORITY FOR THE SCHROEDER LEASE WELL NO. 4, PAWNEE (WILCOX) FIELD, BEE COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on April 17, 2007

Appearances:

Carrie Wittkopf
Deana R. Pennington

Representing:

Pioneer Natural Resources USA, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pioneer Natural Resources USA, Inc. had originally requested increased net gas-oil ratio authority for its Schroeder No. 4 and cancellation of overproduction. At the hearing, Pioneer withdrew its request for net gas-oil ratio authority and now requests only that all overproduction for the lease be canceled.

The application is unopposed and the examiner recommends correcting the proration schedule and cancellation of the oil overproduction and for this lease.

DISCUSSION OF EVIDENCE

The Schroeder No. 4 was completed in the Pawnee (Wilcox) Field in March 2006 after the Pawnee (Edwards) horizontal completion failed to produce commercial quantities of oil and gas. The well has perforations between 8,575 and 8,595 feet. The well has flowed since initial completion. The top allowable in the field is 400 BOPD and 800 MCFD.

The form W-2 dated October 18, 2006 shows an initial potential of 158 BOPD, 472 MCFPD, 35 BWPD and a GOR of 2,987.3 cu ft/BO. Production data provided shows the highest oil rate of 214 BO was achieved on March 26, 2006 and the highest gas rate of 530 MCF was achieved on June 22, 2006. An error in inputting W-2 information (GOR of 29,873 vs 2,978.3) into the proration database incorrectly assigned a penalized oil allowable of 27 BOPD. The correct penalized oil allowable should have been 268 BOPD.

Based on the correct penalized oil allowable of 268 BOPD and a gas allowable of 800 MCFPD the Schroeder No. 4 well is not overproduced. As of April 1, the proration

schedule shows the well has accumulated an oil overproduction of 14,445 BO.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing.
2. The Schroeder No. 4 was completed in the Pawnee (Wilcox) Field in March 2006 and has flowed since initial completion.
3. The current top allowable in the field is 400 BOPD and 800 MCFD.
4. The form W-2 dated October 18, 2006 shows an initial potential of 158 BOPD, 472 MCFPD, 35 BWPD and a GOR of 2,987.3 cu. ft./BO.
5. The April 1 proration schedule shows the well as having an initial potential of 474 BOPD and a GOR of 29,873 cu. ft./BO in error.
6. The proration database incorrectly calculated a penalized oil allowable of 27 BOPD instead of the correct penalized oil allowable of 268 BOPD.
7. As of April 1, the cumulative overage for the lease is 14,445 BO according to the proration schedule, however with the corrected 268 BOPD allowable no oil overage should exist.

CONCLUSIONS OF LAW

1. Notice of this hearing was given as specified in the provisions of all regulatory codes.
2. All things have occurred or been accomplished to give the Commission jurisdiction in this matter.
3. Based on the errors found in the proration database for the Schroeder lease in the Pawnee (Wilcox) Field, the lease is not overproduced.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends correcting the proration database and cancellation of any erroneously calculated overproduction for the Schroeder lease (09605) in the Pawnee (Wilcox) Field.

Respectfully submitted,

Andres J. Trevino
Technical Examiner