



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0282145

RAILROAD COMMISSION CALLED HEARING TO DETERMINE THE EFFECTIVENESS OF THE FIELD RULES FOR THE KEYSTONE (ELLENBURGER) FIELD, WINKLER COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Michael Crnich - Legal Examiner

DATE OF HEARING: June 11, 2013

APPEARANCES: **REPRESENTING:**

APPLICANT:

Glenn E. Johnson

BOPCO, LP

John Soule

Devon Energy Production Co, LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The Keystone (Ellenburger) Field operates under special field rules which dictate a reservoir management plan designed to maximize oil recovery from the field. Rules were originally adopted in 1992 and have been amended on several occasions during Commission called review hearings. The most recent revisions were adopted in Final Order No. 08-0230429, approved by the Commission on November 13, 2002. A review hearing was held in January 2005 but no changes to the rules were made at that time. BOPCO, LP ("BOPCO") and Devon Energy Production Co, LP ("Devon") are the only operators in the field. The current Field Rules are summarized as follows:

1. Base reservoir gas allowable ("BRGA") of 21,038 MCFGPD;
2. Gas allowable credit of 275 SCFG/BW removed from the reservoir and disposed of elsewhere;
3. Maximum field water production eligible for gas credit is 76,500 BWPD;

4. BRGA and water credit distribution is 46.55% to Devon and 53.45% to BOPCO.

At the hearing, the examiners recommended that the Field Rules be made permanent and no longer subject to Commission review. Bass and Devon did not consider this recommendation to be adverse, but they also proposed a modification of the filing requirements.

DISCUSSION OF THE EVIDENCE

The original oil-water contact in the Keystone (Ellenburger) Field was at -7,150 feet at discovery in 1943. The original gas-oil contact was at -6,565. By the early 1990's, after the production of 146 million BO and 277 BCF of gas, there was no discernable oil-water contact, but the gas-liquid contact in the reservoir had risen significantly up into the original gas cap. The Commission adopted a reservoir management plan for the field in an effort to reverse the upward movement of the aquifer into the gas cap. The Field Rules were amended on several occasions as the gas-liquid contact was monitored. With a change in the rules for gas production in 1997, the rise in the contact was halted. In 2001, the contact was lowered as a result of BOPCO increasing water production from the field. By 2002, the contact began to slowly rise again until the Field Rules were again amended to provide for increased water production and less gas allowable credit. The reservoir management plan is accomplishing the goal of recovering additional oil from the field. As a result, the Temporary Field Rules should be made permanent and no longer subject to Commission review.

FINDINGS OF FACT

1. Notice of this hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing and no protests were received.
2. Since 1992, The Keystone (Ellenburger) Field has operated under a reservoir management plan designed to lower the gas-liquid contact in the reservoir and maximize oil recovery from the field.
3. The current Field Rules provide for a base reservoir gas allowable of 21,038 MCFGPD, a gas allowable credit of 275 SCFG/BW removed from the reservoir and a maximum field water production eligible for gas credit of 76,500 BWPD.
4. Making the Field Rules permanent for the Keystone (Ellenburger) Field is appropriate, as the reservoir management plan is accomplishing the goal of recovering additional oil from the field.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Making the Field Rules permanent for the Keystone (Ellenburger) Field is necessary to prevent waste and protect correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission make the Field Rules permanent for the Keystone (Ellenburger) Field, as recommended by the examiners, BOPCO, LP and Devon Energy Production Co, LP.

Respectfully submitted,


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Technical Examiner


Michael Crnich
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