



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 08-0266128

THE APPLICATION OF DEVON ENERGY PRODUCTION CO, L.P. TO CONSIDER AN MER ALLOWABLE FOR ALL WELLS ON THE E. N. SNODGRASS 18 LEASE IN THE EDWARDS -04- (WOLFCAMP) FIELD, CRANE COUNTY, TEXAS

Heard by: Donna K. Chandler on July 13, 1010

Appearances:

Mark Hanna
Allen Wilson

Representing:

Devon Energy Production Co, L.P.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Devon Energy Production Co, L.P. requests that an MER allowable of 200 BOPD be established for all wells completed on its E. N. Snodgrass 18 lease in the Edwards -04- (Wolfcamp) Field. Devon also requests that all accumulated overproduction be cancelled for these leases.

The application is unprotested and the examiner recommends approval of the requested MER and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Edwards -04- (Wolfcamp) Field was discovered in 1962 and has a top allowable of 121 BOPD. There are five producing oil wells on the current proration schedule, all operated by CML Exploration, LLC. Devon has recently completed two wells in the field and is drilling a third well.

Devon completed its E. N. Snodgrass 18 Well No. 1 in April 2010. On initial test, the well produced at a rate of 264 BOPD and 135 MCFD. The No. 3 well on the lease was completed in May 2010 with an initial potential of 205 BOPD and 131 MCFD. Both wells are currently on rod pump. Well No. 4 on the lease has been drilled to total depth and is being completed and Well No. 5 on the lease has not yet been spud.

Both of the producing wells on the lease are equipped with rod pumping units. Devon varied production on each well by reducing the operating time on the pumps. Each well's production was reduced to rates at or near the current allowable of 121 BOPD. The producing gas-oil ratios remained nearly constant at 700-800 cubic feet per barrel, regardless of oil rate. Each well is capable of producing at approximately 200 BOPD. It is expected that any other wells completed on the lease will perform in a similar manner. Additionally, CML has received MER authority of 200 BOPD for three wells in the field.

The E. N. Snodgrass 18 lease is overproduced approximately 14,500 BO. Devon requests that all accumulated overage be cancelled.

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 Edwards -04- (Wolfcamp) Field was discovered in 1962 and has a top allowable of 121 BOPD.
3. There are five producing oil wells on the current proration schedule, all operated by CML Exploration, LLC. The Commission has already approved MER authority of 200 BOPD for three wells in the field.
4. Devon has recently completed two wells in the field on its E. N. Snodgrass 18 lease. Devon is completing a third well, and plans to drill a fourth well on the lease.
5. The initial potential for the E. N. Snodgrass 18 Well No. 1 was 264 BOPD and 135 MCFD. The initial potential for the No. 3 well on the lease was 205 BOPD and 131 MCFD. Both wells are currently on rod pump.
6. Variable rate testing of the No. 1 and No. 3 demonstrates that the wells are not rate sensitive. The producing gas-oil ratios remained nearly constant at 700-800 cubic feet per barrel, regardless of oil rate.
7. Both the No. 1 and No. 3 wells on the E. N. Snodgrass 18 lease are capable of producing at approximately 200 BOPD. It is expected that any other wells completed on the lease will perform in a similar manner.
8. The lease is overproduced approximately 14,500 BO.

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. Approval of an MER of 200 BOPD for all wells completed on the E. N. Snodgrass lease and cancellation of overproduction for the lease in the Edwards -04- (Wolfcamp) Field will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of an MER of 200 BOPD for all wells completed on the E. N. Snodgrass 18 lease and cancellation of overproduction on the lease in the Edwards -04- (Wolfcamp) Field.

Respectfully submitted,



Donna K. Chandler
Technical Examiner