



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 7C-0296494

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THE APPLICATION OF DEVON ENERGY PRODUCTION CO., L.P. FOR A NET GAS OIL RATIO FOR THE BROWDER #1H, ORELLANA (AW) #8H, ORELLANA "G" #15H, ORELLANA "E" (AW) #25H WELLS AND ORELLANA "E" (18712) LEASE, LIN (WOLFCAMP) FIELD, IRION COUNTY, TEXAS

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HEARING DATE: August 20, 2015

CONFERENCE DATE: February 3, 2016

APPEARANCES:

REPRESENTING:

APPLICANT:

John Soule  
Steven Jones

Devon Energy Production Co., L.P.

### REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

On April 29, 2015 Devon Energy Production Co., L.P. (Devon) filed an application requesting authority to produce the following wells under increased net gas-oil ratio (GOR) authority with the casinghead gas limits as follows:

<u>Lease Name</u>	<u>Lease ID No.</u>	<u>Well No.</u>	<u>Gas Limit</u>
Browder	18563	1H	1,500 MCF/D
Orellana "E" (AW)	18713	25H	1,000 MCF/D
Orellana "G"	18654	15H	N/A
Orellana (AW)	18717	8H	N/A
Orellana "E"	18712	9H	1,200 MCF/D
Orellana "E"	18712	10H	1,300 MCF/D
Orellana "E"	18712	12H	850 MCF/D

By the time of the August 20, 2015 hearing, two of the wells, the Orellana "G" #15H and the Orellana (AW) #8H, were producing within their respective gas limits and therefore do not require increased net gas-oil ratio authority. Because those two wells and the other five wells

have produced in excess of their respective gas limits in the past, Devon is requesting cancellation of all overproduction of gas for all seven wells (five leases), as of the effective date of the final order. The application is unopposed. The Administrative Law Judge and Technical Examiner recommend approval of the application.

### DISCUSSION OF THE EVIDENCE

The wells for which net gas-oil ratio authority is requested are completed in the Lin (Wolfcamp) Field, Irion County, Texas. All of the wells have experienced increasing GORs since initial completion.

Well	IP GOR	G-10 GOR	Producing GOR
Browder #1H	972:1	9,000:1	17,000:1
Orellana "E" (AW) #25H	929:1	7,700:1	25,000:1
Orellana "G" #15H	875:1	15,000:1	24,000:1
Orellana (AW) #8H	1,235:1	N/A	25,000:1
Orellana "E" #9H	2,744:1	17,000:1	21,000:1*
Orellana "E" #10H	3,020:1	15,000:1	21,000:1*
Orellana "E" #12H	2,528:1	12,700:1	21,000:1*

\*Lease GOR for multi-well lease

The gas limit for wells assigned 40 acres for allowable purposes in the Lin (Wolfcamp) Field is 222 MCF/D or 5.55 MCF/D per acre. That gas limit is based on a top oil allowable of 111 barrels of oil per day (BOPD). Devon has maximized the assignment of acres to each of the subject wells in an effort to accommodate its gas production. The August 1, 2015 oil proration schedule lists daily gas limits for the subject wells ranging from 556 MCF/D to 1,146 MCF/D.

All of the subject wells produce on gas lift. Approximately 400 MCF of the gas produced daily is reinjected in each well to supplement formation gas that lifts well fluids to the surface. This mechanism for artificial lift is maximizing the production of oil from each of the subject wells. Well tests run in preparation for the hearing confirm that the GOR increases for each well when gas rates are reduced. Oil production is substantially reduced and sometimes entirely curtailed at lower gas rates. There is therefore no conservation purpose that would be served by limiting the production of gas from these wells. The requested gas limits set forth above are the rates of production at which the producing GOR is stable and minimized. The current production method, gas lift, is the most efficient method of producing the subject wells at this time and will maximize the recovery of oil. Except for small volumes of gas flared in compliance with Commission rules during construction of infrastructure to handle the gas production, all gas that has been produced from the subject wells has been sold. There is now and continues to be infrastructure and a market for all gas that is produced.

**FINDINGS OF FACT**

1. Notice of hearing was provided to all offset operators in the Lin (Wolfcamp) Field at least ten (10) days prior to the date of the hearing and no protests were received.
2. The Browder #1H, Orellana "E" (AW) #25H, Orellana "G" #15H, Orellana (AW) #8H, Orellana "E" #9H, Orellana "E" #10H and the Orellana "E" #12H are all completed in the Lin (Wolfcamp) Field, Irion County, Texas.
3. The August 1, 2015 oil proration schedule lists the oil allowable for the field to be 111 BOPD for wells assigned 40 acres for allowable purposes. With a GOR of 2,000:1, the daily gas limit is 222 MCF/D, for wells assigned 40 acres, or 5.55 MCF/D per acre assigned.
4. The Browder #1H, Orellana "E" (AW) #25H, Orellana "G" #15H, Orellana (AW) #8H, Orellana "E" #9H, Orellana "E" #10H and the Orellana "E" #12H are all producing on gas lift.
5. On test, the Browder #1H, Orellana "E" (AW) #25H, Orellana "G" #15H, Orellana (AW) #8H, Orellana "E" #9H, Orellana "E" #10H and the Orellana "E" #12 all produced with a stable, minimum GOR at the gas limits requested.
6. Production in excess of the assigned gas limits in the past from the Browder #1H, Orellana "E" (AW) #25H, Orellana "G" #15H, Orellana (AW) #8H, Orellana "E" #9H, Orellana "E" #10H and the Orellana "E" #12H has not reduced the ultimate recovery of oil and gas from the Lin (Wolfcamp) Field.
7. Producing the following wells with the gas limits identified will not reduce the ultimate recovery of oil and gas from the Lin (Wolfcamp) Field.
  - a. Browder #1H 1,500 MCF/D
  - b. Orellana "E" (AW) #25H 1,000 MCF/D
  - c. Orellana "E" #9H 1,200 MCF/D
  - d. Orellana "E" #10H 1,300 MCF/D
  - e. Orellana "E" #12 850 MCF/D

Except for small volumes of gas flared in compliance with Commission rules during construction of infrastructure to handle the gas production, all gas that has been produced from the subject wells has been sold. There is now and continues to be infrastructure and a market for all gas that is produced.

**CONCLUSIONS OF LAW**

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval of the requested net gas-oil ratio authority with the casinghead gas limits reflected above in the Lin (Wolfcamp) Field, Irion County, Texas and cancellation of all overproduction will not cause waste and will not harm correlative rights.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Administrative Law Judge and Technical Examiner recommend approval of net gas-oil ratio authority and increased casinghead gas limits for the following wells:

<b>Well Number</b>	<b>Gas Limit</b>
Browder (18563) #1H	1,500 MCF/D
Orellana "E" (AW) (18713) #25H	1,000 MCF/D
Orellana "E" (18712) #9H	1,200 MCF/D
Orellana "E" (18712) #10H	1,300 MCF/D
Orellana "E" (18712) #12	850 MCF/D

The Administrative Law Judge and Technical Examiner also recommend that all accumulated overproduction of gas for the following leases be cancelled:

Browder (18563)  
 Orellana "G" (18654)  
 Orellana "E" (18712)  
 Orellana "E" (AW) (18713)  
 Orellana (AW) (18717)



Richard Eyster, P.G.  
 Hearings Examiner

Respectfully submitted,



Ryan D. Larson  
 Administrative Law Judge