



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 10-0290785

THE APPLICATION OF CONOCOPHILLIPS COMPANY TO CONSIDER AUTHORITY PURSUANT TO STATEWIDE RULE 23 FOR MULTIPLE WELLS ON MULTIPLE LEASES, TEXAS HUGOTON FIELD, SHERMAN COUNTY, TEXAS

HEARD BY: Brian Fancher, P.G. - Technical Examiner
Cecile Hanna - Legal Examiner

DATE OF HEARING: October 1, 2014

APPEARANCES: **REPRESENTING:**

APPLICANT:

Jamie Nielson
Greg Cloud

ConocoPhillips Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

ConocoPhillips Company ("Conoco") requests authority pursuant to Statewide Rule 23 [16 Tex. Admin. §3.23] to place eleven wells on vacuum pump in the Texas Hugoton Field, Sherman County, Texas. The application was unopposed and the examiners recommend approval, as requested by Conoco.

DISCUSSION OF THE EVIDENCE

Statewide Rule 23(2) states the following:

The installation of a vacuum pump or other device for the purpose of putting vacuum on any gas or oil-bearing formation, or the application of any vacuum to any gas or oil-bearing formation is prohibited, except as follows:

- (2) In a field which is depleted or practically depleted vacuum may be used, but no vacuum pump shall be installed or used without a permit from the commission obtained upon application after notice to adjacent lease owners and operators and a public hearing.

Conoco asserts that notice of the subject application was provided to all adjacent operators, or lease owners, and that proper notice was provided to all persons required to be noticed of the application. Conoco requests that it be granted authority, pursuant to Statewide Rule 23(2), to place the following wells on vacuum pump:

	<u>Well</u>	<u>RRC Gas ID</u>	<u>API No.</u>
1.	Louise, No. 1	027650	42-421-27650
2.	Jef, No. 1	027627	42-421-80276
3.	Lancaster, No. 1	027637	42-421-80282
4.	Nora, No. 1	027684	42-421-80310
5.	Reid, No. 1	027720	42-421-80333
6.	Gladish, No. 1	027393	42-421-80113
7.	Estelle, No. 1	027387	42-421-80108
8.	Louise, No. 5	080093	42-421-30218
9.	Witt H, No. 1R	146309	42-421-30553
10.	Bush X, No. 3	146369	42-421-30551
11.	Seely, No. 1R	181088	42-421-30777

Conoco asserts that each of the subject wells is completed in the Texas Hugoton Field, and that the field is 95% pressure depleted. Conoco submitted evidence that indicates the original shut-in wellhead pressure (SIWHP) in August 1948 for the Lousie, No. 1 was 430 pounds per square inch (psi). Furthermore, the Lousie, No. 1's last reported SIWHP was 9 psi in August 2004. On July 24, 2001, the Seely, No. 1R was drilled and exhibited a SIWHP OF 43 psi. On May 15, 2008, the Seely, No. 1R reported a SIWHP of 30 psi. On average, the eleven subject wells' last reported SIWHP was 20 psi.

Conoco's expert witness indicated that Conoco intends to install a gas compressor at the wellhead of the eleven subject wells. There the tubing pressure will be lowered from roughly 21 psi to 5 psi at each of the eleven wells. Conoco submitted a comparison of the current gas production rate versus the expected production rate after each well is placed on a vacuum pump. Conoco asserts that the cumulative daily gas production rate will transcend from 754 thousand cubic feet of gas per day (MCFPD) to 1,433 MCFPD. Conoco indicated that if the subject application is approved, the cumulative estimated ultimate recovery will increase from 1.7 billion cubic feet of natural gas (BCFG) to 5.8 BCFG.

On October 6, 2014, Conoco submitted its late-filed exhibit number five at the request of the examiners which includes a copy of the Examiners' Report and Recommendation and approved Final Order for Oil and Gas Docket 10-0260699 (Application of ConocoPhillips Co. to Produce the Texas Hugoton Gas Unit, Well No. 1R on Vacuum Pump Pursuant to Statewide Rule 23). Conoco's late-filed exhibit number five indicates that an application similar to the subject application has been considered and approved prior to the instant case.

FINDINGS OF FACT

1. ConocoPhillips Company (“Conoco”) requests authority pursuant to Statewide Rule 23 [16 Tex. Admin. §3.23] to place the eleven subject wells on vacuum pump in the Texas Hugoton Field, Sherman County, Texas.
2. Conoco provided notice of the subject application to all adjacent offset operators and lease owners required to be noticed pursuant to Statewide Rule 23.
3. The use of a vacuum pump on each of the eleven subject wells is appropriate.
 - a. The eleven subject wells exhibit shut-in wellhead pressures that indicate the Texas Hugoton Field is practically depleted at each of the subject wells’ locations.
 - b. The average shut-in wellhead pressure for the eleven subject wells is 20 pounds per square inch (psi).
 - c. Conoco requests to place each of the eleven subject wells on a vacuum pump where the tubing pressure for each of the eleven subject wells is 5 psi.
 - d. The cumulative estimated ultimate recovery for the eleven subject wells will increase from 1.7 billion cubic feet of natural gas to 5.8 billion cubic feet of natural gas, as a result of placing each of the eleven subject wells on a vacuum pump where the tubing pressure is no less or greater than 5 psi.

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 ConocoPhillips Company’s subject application pursuant to Statewide Rule 23 will prevent waste by increasing the ultimate recovery in the eleven subject wells.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant ConocoPhillips Company's subject application to place eleven wells on vacuum pump in the Texas Hugoton Field, Sherman County, Texas.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner



Cecile Hanna
Legal Examiner