

OIL AND GAS DOCKET NO. 8A-0252996

THE APPLICATION OF APACHE CORPORATION TO CONSIDER AN MER ALLOWABLE FOR THE JOHN P. RYAN TRUSTEE WELL NO. 1 IN THE EMERALD (SILURIAN) FIELD, YOAKUM COUNTY, TEXAS

Heard by: Donna K. Chandler on September 18, 2007

Appearances:

Bill Spencer
Clint Brian
John Hale

Representing:

Apache Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Apache Corporation requests that an MER allowable of 800 BOPD be established for its John P. Ryan Trustee Well No. 1 in the Emerald (Silurian) Field. Apache also requests that all accumulated overproduction be cancelled for this lease.

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

DISCUSSION OF EVIDENCE

The Emerald (Silurian) Field was discovered in 1988 and has a top allowable of 436 BOPD. There are 4 producing oil wells in the field with production from a depth of approximately 12,400 feet.

The John P. Ryan Trustee No. 1 was completed in 1988 with selective perforations between 12,276-12,410 feet. In 1993, the lowermost perforations were isolated below a bridge plug set at approximately 12,350 feet. In 1999, a submersible pump was placed in the well to move more fluid, specifically large volumes of water. Since 2003, a portion of a pump was stuck in the hole, covering the perforations. Unsuccessful attempts were made to remove the junk in 2003 and 2004. During this time, the well was producing about 30-40 BOPD and 300-400 BWPD.

In January 2007, Apache was successful in removing the junk and the bridge plug was drilled out. The lowermost perforations were re-acidized and still unproductive. A bridge plug was re-set at 12,350 feet and the well was reperforated between 12,312 and 12,338 feet. After installation of a new submersible pump, the well initially produced only water in large volumes. In March, the well began producing some oil and oil cut continued to increase until June when the well was making about 450 BOPD and 3,600 BWPD. IN July, a larger pump was installed and the fluid level was reduced from 9,400 feet above the perforations to about 8,000 feet above the perforations. Oil cut continued to increase and the well is now producing about 800 BOPD and 4,700 BWPD. Oil cut has increased to approximately 13%. Prior to the workover, oil cut was 8-10%.

The field has a strong water drive, as demonstrated by the decline in bottomhole pressure of only 100 psi with over 700,000 BO produced from the reservoir. The subject well is near the top of the structure.

Apache calculated the subject well's inflow performance based on its current rate. The calculations indicate that the well is producing at less than 50% of its maximum flow capacity, which is calculated to be about 12,000 barrels of total fluid per day.

The well is overproduced approximately 16,000 BO as of August 1, 2007. Apache requests that this 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 Emerald (Silurian) Field was discovered in 1988 and has a top allowable of 436 BOPD.
3. The John P. Ryan Trustee No. 1 was completed in 1988 with selective perforations between 12,276-12,410 feet. From 1999 until early 2007, the well was producing with a submersible pump to remove large volumes of water. However, since a 2003 workover, a portion of the pump was stuck in the hole, resulting in production to be reduced to 30-40 BOPD and 300-400 BWPD.
4. In January 2007, Apache performed another workover on the well and set a new submersible pump. In July, a larger pump was installed and production increased to a current rate of about 800 BOPD and 4,700 BWPD.
5. The subject well is located near the top of the structure of this water drive reservoir.

6. Inflow performance calculations indicate that the well is producing at less than 50% of its maximum flow capacity, which is calculated to be about 12,000 barrels of total fluid per day.
7. The well is overproduced approximately 16,000 BO as of August 1, 2007. Cancellation of this overage will not harm correlative rights.

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 800 BOPD for the John P. Ryan Trustee Well No. 1 and cancellation of overproduction for the well in the Emerald (Silurian) 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 800 BOPD and cancellation of overproduction for the John P. Ryan Trustee No. 1 in the Emerald (Silurian) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner