

August 25, 1999

OIL & GAS DOCKET NO. 7C-0222149

APPLICATION OF ENRON OIL & GAS COMPANY TO ESTABLISH AN MER FOR THE HALFF "18" LEASE WELL NO. 1 IN THE PIGLET (WOLFCAMP) FIELD, UPTON COUNTY, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: August 23, 1999

APPEARANCES:

Rick Johnston

REPRESENTING:

Enron Oil & Gas Company

PROTESTANTS: None

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unprotested application of Enron Oil & Gas Company ("Enron") for Commission consideration for MER authority of 1250 BOPD for the Halff "18" Well No. 1 in the Piglet (Wolfcamp) Field. It is also proposed that all oil and casinghead gas production in excess of the assigned allowable be canceled effective the date of the Order if this application is approved by the Commission. The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

The Piglet (Wolfcamp) Field was discovered in May 1999 by completion of the Enron Oil & Gas Company, Halff "18" Lease Well No. 1 through perforations from 8,802' to 9,245' subsurface depth. The field is governed by Statewide Rules. The proration schedule indicates a top allowable for a well in the field is 137 BOPD. This must be an error. Statewide Rule 45 (Oil Allowables) shows this to be the 1947 allowable yardstick for a well on 20 acres at a depth of 9,000' - 9,500'. The 1965 allowable yardstick shows an allowable of 157 BOPD for a well on 40 acres. Statewide Rule 42 (Oil Discovery Allowable) shows an onshore discovery allowable of 440 BOPD for wells completed between 9,000' - 9,999'. The Piglet (Wolfcamp) Field was discovered after 1965 and is subject to discovery allowable status. Enron is the only operator in the field with this one well.

The Enron Oil & Gas Company, Halff "18" Lease Well No. 1 potentialized at 211 BOPD, 190

MCF of gas per day and 64 BWPD with a gas-oil ratio (GOR) of 900:1.

The subject well was tested over a 30-day period with the following results:

OIL BPD	WATER BPD	GAS MCFD	TBG PSIG	GOR CF/BO	WOR BW/BO
255	0	220	1990	861	-
541	0	425	1950	785	-
745	0	586	1850	786	-
987	0	745	1800	755	-
1448	0	956	1450	660	-
1827	0	1400	1400	766	-

An MER of 1250 BOPD will not cause the waste of reservoir energy and will not result in the loss of hydrocarbon reserves. The gas-oil ratio is not relatively rate sensitive; however, the lowest GOR occurs between the oil producing rates of 1448 and 987 BOPD.

It is proposed that the oil and casinghead gas produced in excess of the assigned allowable be canceled. If the correct top allowable would have been assigned to the subject field i.e. the discovery allowable of 440 BOPD, there would be no overproduction of casinghead gas. The overage for oil production is 13,286 barrels through July 1999.

FINDINGS OF FACT

1. Notice of this application was given to all persons entitled to notice at least ten (10) days prior to the hearing.
2. There was no protest of the application.
3. The Piglet (Wolfram) Field was discovered in May 1999 by completion of the Enron Oil & Gas Company, Half "18" Lease Well No. 1 through perforations from 8,802' to 9,245' subsurface depth.
 - a. The field is governed by Statewide Rules.
 - b. The top allowable for a well in the field is 440 BOPD (discovery allowable).
4. The Enron Oil & Gas Company, Half "18" Lease Well No. 1 potentialized at 211 BOPD, 190 MCF of gas per day and 64 BWPD with a gas-oil ratio (GOR) of 900:1.
5. An MER of 1250 BOPD will result in the efficient use of reservoir energy and will not result

in a decrease in the ultimate recovery of hydrocarbons.

a. The subject well was tested over a 30-day period with the following results:

OIL BPD	WATER BPD	GAS MCFD	TBG PSIG	GOR CF/BO	WOR BW/BO
255	0	220	1990	861	-
541	0	425	1950	785	-
745	0	586	1850	786	-
987	0	745	1800	755	-
1448	0	956	1450	660	-
1827	0	1400	1400	766	-

b. The gas-oil ratio is not relatively rate sensitive; however, the lowest GOR occurs between the oil producing rates of 1448 and 987 BOPD.

6. It is proposed that the oil that was produced in excess of the assigned allowable be canceled.

a. Canceling the overproduction will not harm correlative rights.

7. The top allowable (discovery allowable) for a well in the Piglet (Wolfram) Field should be set in accordance with Statewide Rule 42 at 440 BOPD.

CONCLUSIONS OF LAW

1. Notice of this hearing was provided in accordance with all applicable regulatory statutes and rules.
2. All things have occurred or been accomplished to afford the Commission the jurisdiction to consider and decide this matter.
3. Consideration and approval of this application for a MER is a matter properly within the jurisdiction of the Commission to foster conservation and prevent waste.
4. Approval of the proposed application of Enron Oil & Gas Company for an MER of 1250 BOPD for the Half "18" Lease Well No. 1 will foster conservation and will not cause waste.
5. Cancellation of the oil production in excess of the assigned allowable will not harm correlative rights.

EXAMINER'S RECOMMENDATION

It is recommended that the application of Enron Oil & Gas Company for an MER of 1250 BOPD for the Half "18" Lease Well No. 1 in the Piglet (Wolfram) Field be approved. It is further recommended that the oil produced in excess of the assigned allowable should be canceled for the subject well.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel