



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0281776

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THE APPLICATION OF DEVON ENERGY PRODUCTION CO, LP FOR EXCEPTION TO STATEWIDE RULE 28 REQUIRING SEMI-ANNUAL G-10 WELL TESTS FOR ALL WELLS IN VARIOUS FIELDS, ANGELINA, CASS, CHEROKEE, GREGG, HARRISON, MARION, NACODOCHES, PANOLA, RUSK, SABINE, SAN AUGUSTINE, SHELBY AND UPSHUR COUNTIES, TEXAS

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HEARD BY: Richard D. Atkins, P.E. - Technical Examiner  
Michael Crnich - Legal Examiner

HEARING DATE: May 1, 2013

APPEARANCES: REPRESENTING:

**APPLICANT:**

Michael E. McElroy  
David K. Stanley

Devon Energy Production Co, LP

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Devon Energy Production Co, LP ("Devon") requests exception to Statewide Rule 28 requiring semi-annual G-10 well tests for all wells in the various fields shown in the attached Exhibits A, B and C. Devon requests that all operators only be required to perform annual G-10 well tests for all wells in the subject fields.

The application is unopposed and the examiners recommend approval of annual G-10 well tests for all wells in the subject fields, as requested by Devon.

#### DISCUSSION OF EVIDENCE

Devon operates a total of 1,564 wells and is one of the largest operators in many of the subject fields. All of the subject fields currently have AOF status. Devon requests annual G-10 well tests for all wells only while the AOF status is in effect for the fields. If any field returns to prorated status, then semi-annual G-10 well tests would be resumed.

Devon believes that semi-annual G-10 well tests are unnecessary and provide no meaningful data when the allocation formula is suspended. Annual G-10 well tests will give operators more flexibility for testing non-continuous flow and low volume wells. However, operators will still have the option to run additional G-10 well tests if they feel the tests are justified.

G-10 well tests cost approximately \$367 per well. Devon alone will save more than \$500,000 per year by testing its wells only once a year and similar savings will be realized by other operators in the subject fields. Devon opined that annual G-10 well testing of wells will reduce well operating expenses and the savings will be reflected in lower economic limits for wells, resulting in increased ultimate recovery.

**FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. Devon Energy Production Co, LP (“Devon”) operates a total of 1,564 wells and is one of the largest operators in many of the subject fields.
3. All of the subject fields currently have AOF status.
4. Statewide Rule 28 requires that G-10 well tests be conducted on a semi-annual basis.
5. Semi-annual G-10 well tests are unnecessary and provide no meaningful data when the allocation formula is suspended.
6. Annual G-10 well tests will give operators more flexibility for testing non-continuous flow and low volume wells.
7. G-10 well tests cost approximately \$367 per well.
8. Devon alone will save more than \$500,000 per year by testing its wells only once a year and similar savings will be realized by other operators in the subject fields.
9. Annual G-10 testing of wells will reduce well operating expenses and the savings will be reflected in lower economic limits for wells, resulting in increased ultimate recovery.

**CONCLUSIONS OF LAW**

1. Proper notice of this hearing was issued.

2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Approval of the exception to Statewide Rule 28 requiring semi-annual G-10 well tests will not cause waste or harm correlative rights.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve annual G-10 well tests for all wells in the subject fields, as requested by Devon Energy Production Co, LP.

Respectfully submitted,

  
Richard D. Atkins, P.E.  
Technical Examiner

  
Michael Crnich  
Legal Examiner

## EXHIBIT A

Annual G-10 well tests will be conducted for wells in the following fields during the months of April, May or June, due July.

<u>Field Name</u>	<u>Field Number</u>
Angie (James Lime)	02870300
Appleby, N. (Rod-TP Cons)	03311580
Beckville (Cotton Valley)	06648500
Bethany (Blossom)	07527062
Bethany (Pettit)	07527403
Bethany (Rodessa)	07527589
Bethany (Travis Peak)	07527682
Bethany (Travis Peak Cons.)	07527722
Bethany, East (Cotton Valley)	07528500
Carthage (Blossom)	16032058
Carthage (Cotton Valley)	16032174
Carthage (Glen Rose)	16032261
Carthage (Haynesville Shale)	16032300
Carthage (L. Pettit 6100)	16032536
Carthage (Paluxy-Hull)	16032612
Carthage (Pettit, Lower)	16032638
Carthage (Travis Peak)	16032812
Carthage (Travis Peak-Allison)	16032820
Carthage (Travis Peak-Blue)	16032837
Carthage (Travis Peak-Collins)	16032850
Carthage (Travis Peak-Hall)	16032860
Carthage (Travis Peak-Hudson)	16032865
Carthage (Travis Peak-Hull-Gas)	16032871
Carthage (Travis Peak, Lower)	16032880
Carthage (Travis Peak-Porter)	16032898
Carthage (Travis Peak-Ross-2)	16032903
Carthage (Travis Peak 6296)	16032910
Carthage (Travis Peak-White)	16032914
Carthage (Travis Peak 6310)	16032918
Carthage (Travis Peak 6400)	16032928
Carthage (Travis Peak 6450)	16032950
Carthage (Travis Peak 6820)	16032961
Carthage (Travis Peak-Chadwick)	16032962
Carthage (6850)	16032972
Carthage (6900)	16032976
Carthage, North (Cotton Valley)	16034250
Carthage, N. (Glen Rose-Nobond)	16034375
Cedar Springs (Travis Peak 9000)	16613750
Centennial (Travis Peak 6250)	16690430
Centennial, E. (Cotton Valley)	16694500

## EXHIBIT A

Annual G-10 well tests will be conducted for wells in the following fields during the months of April, May or June, due July.

<u>Field Name</u>	<u>Field Number</u>
Deberry (Travis Peak)	23791400
Fairplay (Cotton Valley)	30015300
Gales (6500 Travis Peak)	33770500
Gilmer (Cotton Valley Sands)	34943300
Grisby (Travis Peak)	37055600
Lassater (Cotton Valley)	52239333
Lassater (Travis Peak, Gas)	52239667
Loco Bayou (James Lime)	54348235
Oliver Creek (Travis Peak)	67172380
Panola	68977001
Rosewood (Cotton Valley)	78330500
Stockman (Cotton Valley)	86233300
Stockman (Travis Peak)	86233500
Stockman (Travis Peak, West)	86233600
Stockman, South (Pettit)	86234400
Stockman, South (Travis Peak)	86234500
Waskom (Duke)	95369208
Waskom (Hammond Sand)	95369256
Waskom (McKnight)	95369368
Waskom (Page Sand)	95369455
Waskom (Paluxy, Lower)	95369481
Waskom (Sanders Sand)	95369648
Waskom (Travis Peak, Lower)	95369807
Waskom (Travis Peak, Upper)	95369813
Waskom (Travis Peak X-Sand)	95369815
Waskom (Travis Peak 2)	95369832
Waskom (Travis Peak 5)	95369864
Waskom (Travis Peak 7)	95369872
Waskom (Travis Peak 6115)	95369890
Waskom (Travis Peak 6150)	95369896
Waskom (Travis Peak 6600)	95369899

## **EXHIBIT B**

Annual G-10 well tests will be conducted for wells in the following fields during the months of February, March or April, due May.

<b><u>Field Name</u></b>	<b><u>Field Number</u></b>
Carthage (Pettit, Lower Gas)	16032650
Carthage (Pettit, Upper)	16032667
Waskom (Cotton Valley)	95369160
Waskom (Hill)	95369272
Waskom (Pettit, Lower)	95369528
Waskom (Pettit, Upper)	95369544
Waskom (Travis Peak 1)	95369816

**EXHIBIT C**

Annual G-10 well tests will be conducted for wells in the following fields during the months of January, February or March, due April.

<b><u>Field Name</u></b>	<b><u>Field Number</u></b>
Gilmer (Jurassic)	34943750