

THE APPLICATION OF PIONEER EXPLORATION, LLC, LLC TO ESTABLISH AN MER AND CANCEL OVERPRODUCTION FOR THE JORDAN, R. H. LEASE, IN THE HYLTON, NW. (CAMBRIAN) FIELD, NOLAN COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on March 27, 2009

Appearances:

John Gilbert

Representing:

Pioneer Exploration, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pioneer Exploration, LLC had originally applied for an MER for its Jordan R.H. No. 9 in the Hylton, NW. (Cambrian) Field. Since the time the application was filed, production from the well declined below the top allowable in the field. Pioneer is no longer seeking an MER for the well but does request that all overproduction on its Jordan R.H. lease in the Hylton, NW. (Cambrian) Field be cancelled. The application is unopposed and the examiner recommends approval of cancellation of overproduction for the lease.

DISCUSSION OF EVIDENCE

The Hylton, NW. (Cambrian) Field was discovered in 1954. The Jordan R.H. No. 9 was producing 15 to 30 BOPD, 10 MCFPD and 500 BHPD on a submersible pump prior to a workover. The well was producing from perforations in the Cambrian at a depth from 5,995 feet to 6,070 feet. Perforations were added in a lower string in the Cambrian sand from 6,094 feet to 6,112 feet. The perforations were acidized and the submersible pump was re-ran in the well.

The top allowable for the Hylton, NW. (Cambrian) Field, is 111 BOPD for a well. The Jordan R.H. No. 9 was recompleted and tested in July 2008 with an initial potential of 550 BOPD, 80 MCFD and 1,500 BHPD. Production declined steadily below the 111 BOPD allowable to the current rate of 100 BOPD. Pioneer Exploration is no longer seeking a MER allowable, but is requesting cancellation of lease overproduction. Shutting in the well may damage the well, reducing its ultimate recovery. Cumulative overproduction for the lease is estimated at 20,130 BO as of February 28, 2009.

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 top allowable in the Hylton, NW. (Cambrian) Field is 111 BOPD.
3. Pioneer Exploration recompleted its Jordan R.H. No. 9 into a deeper Cambrian sand stringer in July 2008 with an initial potential of 550 BOPD and 80 MCF of gas per day. Production peaked at a rate of 593 BOPD in July 2008.
4. Production declined steadily below the 111 BOPD allowable to the current rate of 100 BOPD. Pioneer Exploration withdrew its request for a MER allowable increase.
5. The subject lease is overproduced approximately 20,130 BO as of February 28, 2009.

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. Cancellation of overproduction for the Jordan R.H. Lease in Hylton, NW. (Cambrian) Field will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends cancellation of overproduction for the Jordan R.H. Lease in the Hylton, NW. (Cambrian) Field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner