

THE APPLICATION OF OCCIDENTAL PERMIAN LTD. FOR AN MER FOR ITS EAST WASSON CLEARFORK "D" LEASE WELL NO. 1, WASSON, NE. (CLEAR FORK) FIELD, YOAKUM COUNTY, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: March 22, 2006

Hearing held: May 10, 2006

Appearances

John Soule
Melinda McBee

Representing
Occidental Permian Ltd.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Occidental Permian Ltd. ("Oxy") wants to produce its East Wasson Clearfork "D" Lease Well No. 1, Wasson, NE. (Clear Fork) Field, Yoakum County, Texas, at daily rates up to 160 BO.

DISCUSSION OF THE EVIDENCE

The East Wasson Clearfork "D" Lease Well No. 1 was completed in January of 2006, with an initial daily potential of 234 BO, 2 MCF and 188 BW. The well was perforated from 7883'-8282' and is being pumped. The Wasson, NE. (Clear Fork) Field was discovered in 1954 and has about 75 active wells, most operated by Oxy. The top allowable is 121 BOPD.

Oxy's evidence included three test periods and the results are shown below:

Average oil rate	Water/oil ratio	Average water rate
162 barrels	.69	105 barrels
120 barrels	.62	79 barrels
147 barrels	.60	87 barrels

The test rates on the above chart indicate that the water cut does not increase significantly at higher oil rates. This well does not produce significant amounts of gas.

All of the offsetting leases are operated by Oxy. Cancellation of overproduction will not harm correlative rights.

FINDINGS OF FACT

1. Notice of this hearing was issued to Occidental Permian Ltd., the operator of record for all offsetting leases in the Wasson, NE. (Clear Fork) Field, on April 25, 2006.
2. The Occidental Permian Ltd. East Wasson Clearfork "D" Lease Well No. 1 was completed in January of 2006 with an initial daily potential of 234 BO, 2 MCF and 188 BW.
3. The East Wasson Clearfork "D" No. 1 was perforated from 7883'-8282', and received the yardstick allowable of 121 BOPD.
4. Producing the subject well at higher oil rates, up to 160 barrels per day, will not cause waste.
 - a. A test of various producing rates shows that the water cut does not vary significantly at higher oil rates.
 - b. The well does not produce significant amounts of gas.
 - c. The well is being pumped.
5. Cancellation of this well's overproduction will not harm correlative rights as Occidental Permian Ltd. operates all of the offsetting leases.

CONCLUSIONS OF LAW

1. Proper notice was given to all necessary parties as required by applicable statutory and regulatory provisions.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. Approval of increased oil allowable for the Occidental Permian Ltd. East Wasson Clearfork "D" Lease Well No. 1, in the Wasson, NE. (Clear Fork) Field, will prevent waste and promote conservation.
4. Cancellation of the overproduction of the Occidental Permian Ltd. East Wasson Clearfork "D" Lease Well No. 1, in the Wasson, NE. (Clear Fork) Field, will not harm correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends approval of the request

of Occidental Permian Ltd. to produce its East Wasson Clearfork "D" Lease Well No. 1, in the Wasson, NE. (Clear Fork) Field, at daily rates up to 160 barrels of oil.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner