

**OIL AND GAS DOCKET NO. 03-0271955**

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**THE APPLICATION OF RUTHERFORD OIL CORPORATION TO CONSIDER THE CANCELLATION OF OVERPRODUCTION ON THE CRAIGEN-HEBERT UNIT, WELL NO. 1, TAYLOR BAYOU, EAST (8700) FIELD, JEFFERSON COUNTY, TEXAS**

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**HEARD BY:** Brian K. Fancher - Technical Examiner

**DATE OF HEARING:** September 12, 2011

**APPEARANCES:**

Doug Dashiell  
Thomas H. Richter, P.E.

**REPRESENTING:**

Rutherford Oil Corporation

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Rutherford Oil Corporation ("Rutherford") requests that all overproduction for its Craigen-Hebert Unit, Well No. 1 in the Taylor Bayou, East (8700) Field be canceled. This application was unopposed and the examiner recommends approval.

**DISCUSSION OF EVIDENCE**

The Taylor Bayou, East (8700) Field was discovered in December 2008 with the completion of the Craigen-Hebert Unit, Well No. 1, by Rutherford Oil Corporation. The field currently operates under statewide rules. The aforementioned well is the only producing wellbore completed in the subject field and as such, is completed as a regular location. Initially, the production interval in Well No. 1 included perforations below the top of the Frio formation from 8,712 feet to 8,716 feet. In January 2009, initial potential well test data for the subject well indicated production values of 181 BOPD and 647 MCFGPD. In February 2009, an additional two feet of casing perforations were added from 8,716 feet to 8,718 feet, increasing the well's oil production from 181 BOPD to 330 BOPD. As a consequence of the completion depth in the subject well, a discovery allowable of 340 BOPD went into effect in December 2008 and ultimately expired in December 2010. Upon the expiration of the discovery allowable, the subject well was required to produce according to the 1965 Yardstick allowable of 142 BOPD. Following the implementation of the 1965 Yardstick Allowable, Rutherford indicated the subject well's production decreased to approximately 100 BOPD in February 2011. As a result, a submersible pump was installed in the wellbore

in March 2011 in an effort to increase production. Representatives on behalf of Rutherford testified that after the submersible pump was installed the subject well's production rate increased from approximately 100 BOPD to 247 BOPD. Rutherford indicated the well began to accrue overproduction after the installation of the submersible pump. The applicant elucidated the subject well's production rate has significantly decreased each month subsequent to March 2011 and anticipates production rates for August 2011 to be below 142 BOPD. The applicant opined the gas to oil ratio during high production rates of initial production, production decline, and rates after installation of the submersible pump have all maintained a GOR of less than 500:1, thus indicating gas in solution is not a problematic constituent to the applicant's request. The consistent GORs indicate hydrocarbon gas is not rapidly expanding during production and suggests the reservoir is being produced without waste of hydrocarbons. Log analysis of the subject well indicates a extended water column that results in a effective water drive mechanism. Rutherford indicated due to the subject well's current withstanding of produced water, shutting-in the well for two weeks per month in order to conform to the well's restrictive allowable may have adverse effects on the producing formation. Currently, the well has overproduced by 9,950 barrels of oil since initial overproduction in March 2011. Rutherford Oil Corporation is the only operator in the subject field.

#### **FINDINGS OF FACT**

1. Notice was issued to all affected persons at least ten (10) days prior to the date of the hearing.
2. The Craigen-Hebert Unit, Well No. 1 was drilled in December 2008 with perforations below the top of the Frio formation from 8,712 feet to 8,716 feet.
3. The Taylor Bayou, East (8700) Field currently operates under statewide rules.
3. In January 2009 the initial completion tested 181 BOPD and 647 MCFGPD.
4. In February 2009, an additional two feet of casing perforations were added from 8,716 feet to 8,718 feet, increasing the well's oil production from 181 BOPD to 330 BOPD.
5. The installation of the submersible pump lead to the rate increase from approximately 100 BOPD to 247 BOPD, ultimately causing the overproduction in the Craigen-Hebert Unit, Well No. 1.
6. The gas to oil ratio during high production rates of initial production, production decline, and rates after installation of the submersible pump have all indicated a GOR of less than 500:1, thus indicating efficient production of the reservoir.

7. The well is overproduced by 9,950 BO in the Taylor Bayou, East (8700) Field.
8. Currently, Rutherford Oil Corporation is the only operator in the subject field.
9. Cancellation of overproduction in Taylor Bayou, East (8700) Field will not harm correlative rights.

**CONCLUSIONS OF LAW**

1. Proper notice was timely issued to all persons legally entitled to notice.
2. All things have been accomplished to give the Commission jurisdiction in this matter.
3. Cancellation of overproduction for the Craigen-Hebert Unit, Well No. 1 in the Taylor Bayou, East (8700) Field will not cause waste nor harm correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends that all overproduction for the Craigen-Hebert Unit, Well No. 1 in the Taylor Bayou, East (8700) Field be canceled.

Respectfully submitted,

Brian K. Fancher  
Technical Examiner