

OIL AND GAS DOCKET NO. 06-0249302

THE APPLICATION OF WINWELL, L.L.C. TO CONSIDER PERMANENT GAS WELL CLASSIFICATION FOR THE LOWRY LEASE WELL NO. 1, APPLEBY, N. (TRAVIS PEAK) FIELD, RUSK COUNTY, TEXAS

Heard by: Donna K. Chandler, Technical Examiner

Hearing Date: November 27, 2006

Appearances:

Rick Johnston

Representing:

Winwell, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Chesapeake Operating, Inc. requests that its Lowry No. 1 in the Appleby, N. (Travis Peak) Field be permanently classified as gas wells.

The application is unopposed and the examiner recommends approval of the permanent gas well classification.

DISCUSSION OF EVIDENCE

The Lowry No. 1 was completed in May 2006 in the Appleby, N. (Travis Peak) Field. The well is completed in the Travis Peak in three sets of perforations between 8,046 and 9,540 feet. Form G-5 for the well did not meet the criteria for administration gas well classification because the gravity of the liquid was 41.3 degrees API, with a producing gas-liquid ratio of 46,267 cubic feet per barrel. A second Form G-5 was filed indicating a liquid gravity of 45.8 degrees API, with a producing gas-liquid ratio in excess of 100,000 cubic feet per barrel. Commission guidelines require API gravity of the liquid hydrocarbon be at least 50 degrees API for administration classification as a gas well, if the gas-liquid hydrocarbon ratio is less than 100,00 cubic feet per barrel.

Winwell submitted a compositional analysis for this well indicating that the mole percent C_{7+} was 3.697%. However, the Commission declined to administratively classify the well as a gas well. Winwell then filed this hearing application.

The Appleby, N. (Travis Peak) Field is classified as a non-associated gas field and is AOF at the current time. There are 51 well in the field. There is no evidence that an oil column exists in the Travis Peak. Winwell believes that there is likely some free oil production in small amounts from some individual stringers within the gross Travis Peak interval, skewing the G-5 results. A log of the subject well indicates gas effect in all perforated intervals.

The field has produced 36 BCF of gas and 497,000 BC, for a cumulative gas-liquid ratio of about 70,000 cubic feet per barrel. The current wells in the field produce at a gas-oil ratio of about 25,000 cubic feet per barrel. About 10 wells have recently been drilled in the field in the last 2 years, and the field gas-oil ratio has declined from about 80,000 cubic feet per barrel during this recent development. For the subject well, the gas-liquid ratio has been very constant at 12,000-15,000 cubic feet per barrel even though production has significantly decreased. The well currently produces less than 200 MCFD and about 12 BCPD.

FINDINGS OF FACT

1. Notice of this hearing was given to all affected persons at least ten days prior to the date of hearing. No protests were received.
2. The Lowry No. 1 was completed in May 2006 in the Appleby, N. (Travis Peak) Field. The well is completed in the Travis Peak in three sets of perforations between 8,046 and 9,540 feet.
3. Form G-5 for the well did not meet the criteria for administration gas well classification because the gravity of the liquid was 41.3 degrees API. In a second G-5, the liquid gravity was 45.8 degrees API. Commission guidelines require that the API gravity of the liquid hydrocarbon be at least 50 degrees API for administration classification as a gas well.
4. A compositional analysis submitted for the well indicated a mole percent C_{7+} was 3.697%.
5. The evidence intimates that there is no oil column in the Appleby, N. (Travis Peak) Field.
 - a. The field was discovered in 1980 and is non-associated. There are 51 gas wells in the field currently.

- b. There are likely some thin, individual stringers within the gross Travis Peak interval which produce free oil, resulting in unreliable G-5 data.
- c. The log of the subject well indicates gas effect in all of the perforated intervals.

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. The Lowry No. 1 in the Appleby, N. (Travis Peak) Field is a gas well.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that Lowry No. 1 in the Appleby, N. (Travis Peak) Field be permanently classified as a gas well.

Respectfully submitted,

Donna K. Chandler
Technical Examiner