

THE APPLICATION OF ABRAXAS PETROLEUM CORPORATION FOR INCREASED NET GAS OIL AUTHORITY FOR ITS CAPRITO 98 WELL NO. 14 IN THE R.O.C. (BELL CANYON) FIELD, WARD COUNTY, TEXAS

Heard by: Donna K. Chandler on October 20, 2000

Appearances:

Greg Cloud

Representing:

Abraxas Petroleum Corp.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Abraxas Petroleum Corporation requests increased net GOR authority for its Caprito 98 No. 14T in the R.O.C. (Bell Canyon) Field. Abraxas requests a daily gas limit of 300 MCFD and cancellation of all accumulated overproduction for this lease.

This application was unopposed and the examiner recommends approval of the increased net gas-oil ratio authority with a casinghead gas limit of 300 MCFD and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The R.O.C. (Bell Canyon) Field was discovered in 1996 at a depth of 4,925 feet. The discovery well for the field was the Pyote No. 1 operated by R K Petroleum, which was originally a gas well and was later reclassified to an oil well. There are currently 3 producing oil wells in the field. The top allowable in the field is 93 BOPD and 186 MCFD.

The Caprito 98 No. 14T was completed in January 1998 with an initial potential of 15 BOPD, 27 MCFD and 387 BWPD. The well was initially on gas lift and was worked over in April 2000 and equipped with rod pump. Prior to the rod pump installation, the well has been producing 10 BOPD and 200 MCFD. After the work-over, production increased to 20 BOPD and 300 MCFD.

In mid-September, Abraxas installed a choke and tested the well at various rates. With the choke open, the well averaged 13 BOPD and 260 MCFD with approximately 100 BWPD. The producing gas-oil ratio was approximately 20,000 cubic feet per barrel. When the well was choked back, oil production went to zero after three days and the well continued to produce only gas up the annulus. At the end of the test, the well was producing 5-6 BOPD and 280 MCFD, with a gas-oil

ratio of over 40,000 cubic feet per barrel.

The testing showed that producing the subject well at a restricted rate causes waste as little or no oil is produced at lower rates.

The Caprito 98 lease has two producing oil wells and is 667 barrels of oil overproduced. There is no casinghead gas overproduction because the overage from the No. 14T is offset by underproduction from the other well on the lease. Abraxas requests that the overage be canceled.

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 R.O.C. (Bell Canyon) Field is 93 BOPD and 186 MCFD. There are currently 3 producing oil wells in the field.
3. The Caprito 98 No. 14T was completed in January 1998 with an initial potential of 15 BOPD, 27 MCFD and 387 BWPD on gas lift.
4. In April 2000, the No. 14T was equipped with rod pump and production increased from 10 BOPD and 200 MCFD to 20 BOPD and 300 MCFD.
5. When production from the well is restricted, the well produces almost all gas.
6. The Caprito 98 lease is 667 barrels of oil overproduced as of September 30, 2000.

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. Approval of increased net gas-oil ratio authority with a casinghead gas limit of 300 MCFD for the Caprito 98 No. 14T in the R.O.C. (Bell Canyon) Field and cancellation of overproduction will prevent waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Caprito 98 No. 14T in the R.O.C. (Bell Canyon) Field be authorized to produce under net gas-oil ratio authority with a daily gas limit of 300 MCFD and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Donna K. Chandler
Technical Examiner