

THE APPLICATION OF ABRAXAS PETROLEUM CORPORATION TO CONSIDER INCREASED NET GOR AUTHORITY FOR THE MINNIE S. WELDER LEASE WELL NO. 69 IN THE PLYMOUTH (4400) FIELD, SAN PATRICIO COUNTY, TEXAS

Heard by: Richard D. Atkins, P.E.

Date of Hearing: May 14, 2008

Appearances:

Representing:

Ken Johnson (By Telephone)
Scarlet Holguin (By Telephone)

Abraxas Petroleum Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Abraxas Petroleum Corporation requests authority to produce its Minnie S. Welder Lease Well No. 69 under increased net gas-oil ratio authority with a daily gas limit of 400 MCFGPD. Abraxas also requests that all overproduction for the well be canceled.

This application was unopposed and the examiner recommends approval of increased net gas-oil ratio authority with a daily gas limit of 400 MCFGPD and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Plymouth (4400) Field was discovered in June 1976 at a depth of approximately 4,400 feet. The Minnie S. Welder Lease Well No. 69 is the only well currently completed in the field. The top allowable is 93 BOPD and 186 MCFGPD.

The Minnie S. Welder Lease Well No. 69 was plugged back and completed in October 2007 with perforations in the top of the 4,400 foot Frio sand from 4,430 feet to 4,434 feet. On initial test, the well produced on gas lift at a rate of 25 BOPD, 88 MCFGPD and 101 BWPD. The initial GOR was 3,520 cubic feet per barrel.

Abraxas began a step-rate test on the well in April 2008. Through a 14/64" choke, the well averaged 5 BOPD, 305 MCFGPD and 55 BWPD, with an average GOR of 60,000 cubic feet per barrel. The well was choked back to 10/64" and production averaged 1 BOPD, 260 MCFGPD and 1 BWPD, with an average GOR of 250,000 cubic feet per barrel. The well was again choked back to 7/64" and the well ceased to produce oil and water and showed signs of loading up with fluid. The gas production averaged 180 MCFGPD.

Abraxas testified that, based on the step rate test results, they believe that oil will be left behind in the formation if the gas production is curtailed.

As of April 1, 2008, the well is overproduced 33.5 MMCF of gas. Abraxas requests that this overage be cancelled.

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 Plymouth (4400) Field was discovered in June 1976. The top allowable in the field is 93 BOPD and 186 MCFGPD.
3. The Minnie S. Welder Lease Well No. 69 was completed in September 2007 with an initial rate on gas lift of 25 BOPD, 88 MCFGPD and 101 BOPD. The initial GOR was 3,520 cubic feet per barrel. .
4. When production from the well was restricted during a step-rate test, the well ceased to produce oil.
5. Production from the well is stable at an average rate of 5 BOPD and 306 MCFGPD.
6. Producing the well at rates of up to 400 MCFGPD will not cause waste.
7. As of April 1, 2008, the well is overproduced 33.5 MMCF of gas.

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 400 MCFGPD for the Minnie S. Welder Lease Well No. 69 in the Plymouth (4400) Field and cancellation of overproduction will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Minnie S. Welder Lease Well No. 69 in the Plymouth (4400) Field

be authorized to produce under net gas-oil ratio authority with a daily gas limit of 400 MCFGPD and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner