

THE APPLICATION OF HARLETON OIL & GAS, INC., FOR INCREASED GAS OIL RATIO AUTHORITY FOR ITS LEE GU "A" LEASE WELL NO. 6A, WOODLAWN (PETTIT 6500) FIELD, HARRISON COUNTY, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: June 6, 2006

Hearing held: July 28, 2006

Appearances

George C. Neale
Bruce Wooldridge

Representing
Harleton Oil & Gas, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Harleton Oil & Gas, Inc. ("Harleton") is seeking increased gas/oil ratio authority for its Lee GU "A" Lease Well No. 6A in the Woodlawn (Pettit 6500) Field to allow it to produce with a daily gas limit of 400 MCF.

DISCUSSION OF THE EVIDENCE

The Woodlawn (Pettit 6500) Oil Field was discovered March 12, 1978 at a depth of 6513'. The top allowable is 111 BOPD and 222 MCF. The Lee GU "A" Lease Well 6A has a penalized oil allowable of 5 BOPD due to its reported high gas/oil ratio of 3750 cubic feet per barrel. The only other oil well is inactive, and the other 70 wells in the Woodlawn (Pettit 6500) Field are gas wells.

The Lee GU No. 6A was completed in the Woodlawn (Pettit 6500) Field in August, 2005, with perforations from 6490' to 6581'. The initial test rate was 134 BOPD and 839 MCFD, with no water. Harleton had a PVT analysis made of the fluid production and Well No. 6A is a true oil well, now on pump. The gas/oil ratio is usually 12,000 to 14,000 cubic feet per barrel and the well produces about ½ barrel of water per day. Early in April, Well No. 6A was producing about 25 BO and 400 MCF per day, but it has since declined to about 22 BO and 250 MCF. Cumulative production is 3648 BO and 98 MMCF.

The subject well has accumulated about 11,000 MCF of overproduction. Harleton is concerned that shutting this well in to make up the overproduction will allow the fluid level to rise above the perforations and rewet the sand grains. After a shut-in, the well may not return to the same producing rate. The necessity for a rod pump indicates the reservoir has little energy to be conserved and no

waste will be caused by allowing this well to produce up to 400 MCFD.

The other wells in the Woodlawn (Pettit 6500) Field are gas wells with unlimited daily gas allowables. It will not violate correlative rights to cancel overproduction for the Lee GU "A" Lease Well No. 6A.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators in the Woodlawn (Pettit 6500) Oil Field, on July 6, 2006.
2. The subject well, the Harleton Oil & Gas, Inc. Lee GU "A" Lease, Well No. 6A, was completed in the Woodlawn (Pettit 6500) Field in August, 2005.
3. The subject well was perforated between 6490' to 6581', and its initial test rate was 134 BOPD and 839 MCFD, with no water.
4. The current allowable for the Woodlawn (Pettit 6500) Field is 111 BOPD with 222 MCF of gas per day.
5. Early in April, Well No. 6A was producing about 25 BO and 400 MCF per day, but it has declined to about 22 BO and 250 MCF since.
6. Cumulative production is 3648 BO and 98 MMCF.
7. It will prevent waste by encouraging the recovery of the remaining oil to permit the subject well to produce up to 400 MCFD.
8. Cancellation of overproduction for the Harleton Oil & Gas, Inc. Lee GU "A" Lease Well No. 6A will not harm correlative rights.

CONCLUSIONS OF LAW

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. An increase in daily gas allowable for the Harleton Oil & Gas, Inc. Lee Gu Lease, Well No. 6A, to 400 MCF per day, while leaving the daily oil allowable at 111 barrels, will prevent waste and will protect correlative rights within the field.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the Lee GU "A" Lease, Well No. 6A, operated by Harleton Oil & Gas, Inc. in the Woodlawn (Pettit 6500) Field, be

allowed to produce up to 400 MCF of gas per day without restricting the daily oil allowable to less than 111 barrels, as per the attached order.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner