

OIL AND GAS DOCKET NO. 7B-0257998

THE APPLICATION OF BASA RESOURCES, INC. FOR AN INCREASED NET GAS OIL RATIO AUTHORITY FOR THE L. M. CROWLEY LEASE, WELL NO. 5, IN THE STEPHENS COUNTY REGULAR FIELD, STEPHENS COUNTY, TEXAS

Heard by: Richard D. Atkins, P.E. - Technical Examiner

Hearing Date: August 25, 2008

Appearances:

Nicholas C. Duane

Representing:

BASA Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

BASA Resources, Inc. requests an increased net gas-oil ratio authority with a casinghead gas limit of 100 MCFGPD for its L. M. Crowley Lease, Well No. 5, in the Stephens County Regular Field, Stephens County, Texas. BASA also requests that all accumulated overproduction be cancelled for this well.

The application is unopposed and the examiner recommends approval of the requested increased net gas-oil ratio authority and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The L. M. Crowley Lease, Well No. 5, was completed in the Stephens County Regular Field in May 2007 with perforations between 3,942 feet and 4,020 feet. On initial test, the well pumped at a rate of 54 BOPD, 39 MCFGPD and 34 BWPD. The field operates under Stephens County Regular Rules and the top allowable is 35 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel.

The Stephens County Regular Field was discovered in 1916 and is classified as associated, 49-B exempt. There are 966 oil wells and 196 gas wells carried on the proration schedules. The L. M. Crowley Lease, Well No. 5, is producing from a Bend Conglomerate interval and is the only well in this zone. A solution gas drive is the primary drive mechanism for the reservoir.

The well was not tested at various rates, as it is a pumping well. Since the well was completed on rod pump, the gas oil ratio has increased from 2,200 cubic feet per barrel to over 7,000 cubic feet per barrel and the oil producing rate is declining. An increasing gas

oil ratio and a declining oil producing rate are the main characteristics of a reservoir producing under a solution gas drive mechanism.

BASA Resources, Inc. requests an increased net gas-oil ratio authority with a casinghead gas limit of 100 MCFGPD for its L. M. Crowley Lease, Well No. 5, in the Stephens County Regular Field. BASA also requests that all accumulated overproduction be cancelled for this well.

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 L. M. Crowley Lease, Well No. 5, was completed in the Stephens County Regular Field in May 2007 with perforations between 3,942 feet and 4,020 feet. On initial test, the well pumped at a rate of 54 BOPD, 39 MCFGPD and 34 BWPD.
3. The Stephens County Regular Field operates under Stephens County Regular Rules and the top allowable is 35 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel.
4. The L. M. Crowley Lease, Well No. 5, is producing from a Bend Conglomerate interval and is the only well in this zone. A solution gas drive is the primary drive mechanism for the reservoir.
5. The L. M. Crowley Lease, Well No. 5 is a pumping well and is capable of producing in excess of 12 BOPD and 90 MCFGPD.
6. Since the well was completed on rod pump, the gas oil ratio has increased from 2,200 cubic feet per barrel to over 7,000 cubic feet per barrel and the oil producing rate is declining. An increasing gas oil ratio and a declining oil producing rate are the main characteristics of a reservoir producing under a solution gas drive mechanism.
7. Producing the L. M. Crowley Lease, Well No. 5, at rates up to 15 BOPD and 100 MCFGPD will not cause waste.

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 an increased net gas-oil ratio authority with a casinghead gas limit of 100 MCFGPD and cancellation of overproduction for the L. M. Crowley Lease, Well No. 5, in the Stephens County Regular Field 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 approval of an increased net gas-oil ratio authority with a casinghead gas limit of 100 MCFGPD and cancellation of overproduction for the L. M. Crowley Lease, Well No. 5, in the Stephens County Regular Field, Stephens County, Texas.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner