

June 3, 2002

OIL AND GAS DOCKET NO. 06-0231098

THE APPLICATION OF WINCHESTER PRODUCTION COMPANY FOR INCREASED GAS/OIL RATIO AUTHORITY FOR ITS KNIGHTON LEASE WELL NO. 9, WASKOM (COTTON VALLEY 8300) FIELD, HARRISON COUNTY, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: May , 2002

Hearing held: May 30, 2002

Appearances

Robert Tierney

Greg Cloud

Representing

Winchester Production Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Winchester Production Company is seeking increased gas/oil ratio authority to allow its Knighton Lease Well No. 9 in the Waskom (Cotton Valley 8300) Field to produce up to 550 MCF per day and cancellation of this well's overproduction.

DISCUSSION OF THE EVIDENCE

Winchester completed its Knighton Lease Well No. 9 in November of 2001, with three sets of perforations in the gross interval Cotton Valley between 8000 and 9567'. The initial potential rate was 100 BO and 120 BW per day, at a gas/oil ratio of 13,140 cubic feet per barrel. The well was determined to need a Rule 10 exception and one was granted for the Waskom (Cotton Valley) and (Cotton Valley 8300) Fields in February, 2002. The well was placed in the Waskom (Cotton Valley 8300) Field during February of 2002.

Most likely, one set of perforations is oil-bearing, while the other two are gas-bearing, or vice versa. Because the gas/oil ratio is gradually increasing, Winchester expects the well to be reclassified as a gas well within 18 months,

Statewide Rules apply to the Waskom (Cotton Valley 8300) Field, which has a top allowable of 133 barrels of oil and 266 MCF of gas per day. Well No. 9's cumulative production is 5611 BO and 120 MMCF. Its overproduction of 60 MMCF in the Waskom (Cotton Valley) Field (where it was first prorated) has not been made up, and an estimated additional 15 MMCF and 2000 BO of overproduction has accrued since the well was transferred to the Waskom (Cotton Valley 8300) Field.

A step-rate test was conducted on the Knighton No. 9 between April 13 and May 14, 2002, which showed that the well's production is not rate sensitive. The test data, averaged over an 8-day period on each choke size, are summarized in the following table:

Choke size	Ave. oil prod.	Ave. gas prod.	Ave. water prod.	Ave. gas/oil ratio
22/64th inch	51 barrels	509 MCF	76 barrels	10,268 cu.ft/bbl
20/64th inch	48	455	50	9936
18/64th inch	45	417	49	9422
16/64th inch	36	367	28	10,575

The average gas/oil ratio was not significantly higher on the largest choke size. The average water cut was relatively high on the largest choke size, but the water production rate was anomalous during the first few days of the test. When the water production between April 13 and 16 is excluded, the average daily water production rate on a 22/64th inch choke was 57 barrels.

The only other active well carried in the Waskom (Cotton Valley 8300) Field, is operated by Comstock Oil & Gas and is over 2 miles from the subject well. Correlative rights will not be damaged if the overproduction of the Knighton Well No. 9 is canceled. Requiring this well to produce at a reduced rate to make-up its overproduction would not prevent waste.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators in the Waskom (Cotton Valley 8300) Field on April 19, 2002.
2. The Knighton Lease Well No. 9 was completed in November of 2001, with three sets of perforations in the gross interval between 8000' and 9567'.
3. The well's initial potential rate was 100 BO and 120 BW per day, at a gas/oil ratio of 13,140 cubic feet per barrel.
4. The Knighton Lease Well No. 9 has a penalized oil allowable of 20 BOPD due to high gas/oil ratio, while the Statewide allowable for wells at this depth is 133 BO and 266 MCF of gas per day.
5. Test results on the Knighton Lease Well No. 9 show that neither the well's water cut nor gas/oil ratio increase significantly when the well is produced at higher rates.
6. The gas/oil ratio is increasing over time and Well No. 9 will probably be reclassified as a gas well within 18 months.
7. The subject well has overproduction of 60 MMCF in the Waskom (Cotton Valley) Field and accumulated an additional 15 MMCF and 2000 BO after being transferred to the Waskom (Cotton Valley 8300) Field.

8. The only other well in this field is over 2 miles away, and requiring Well No. 9 to make up overproduction is not necessary to protect 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. The requested increase in gas allowable for the Winchester Production Company Knighton Lease Well No. 9 will not cause waste and will protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the Winchester Production Company Knighton Lease Well No. 9 be allowed to produce up to 550 MCF per day from the Waskom (Cotton Valley 8300) Field. All overproduction for this well should be canceled.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner

Date of Commission Action: June 25th, 2002