

THE APPLICATION OF BARROW-SHAVER RESOURCES CO. TO CONSIDER INCREASED NET GOR AUTHORITY FOR THE CASEY NO. 2 IN THE RED OAK (DEXTER) FIELD, LEON COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on June 20, 2008

Appearances:

Davin McGinnis
Kerry Pollard

Representing:

Barrow-Shaver Resources Co.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Barrow-Shaver Resources Co. requests authority to produce its Casey No. 2 under increased net gas-oil ratio authority with a daily gas limit of 650 MCFD. Barrow-Shaver Resources 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 650 MCFD and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Red Oak (Dexter) Field was discovered in October 2005 at a depth of 6,523 feet. The discovery allowable in the field is 200 BOPD, with a casinghead gas limit of 400 MCFD per well.

The Casey No. 2 was completed in January 2007 with perforations between 6,484 feet and 6,500 feet. On initial test, the well produced at a rate of 125 BOPD, no gas and no water flowing through a 12/64" choke with 50 psi flowing tubing pressure.

The Red Oak (Dexter) Field has oil wells on the eastern side of the field and gas wells on the western side of the field. The Casey No. 2 is located near the oil/gas contact of the field. The well's production declined to approximately 17 BOPD while the gas production has increased to 650 MCFD. Barrow-Shaver Resources tested the well at various rates. The testing demonstrates that the well is rate sensitive and produces at higher gas-oil ratios when restricted to rates near the current allowable of 200 MCFD. At a 30/64" choke, the well produced 647 MCFPD and 44 BOPD with a GOR of 15,224 cu.ft/bbl. At a 10/64" choke, the well produced 270 MCFPD and 17 BOPD with a GOR of 17,571 cu.ft/bbl. At reduced rates, the well begins to load, as evidenced by decreasing oil

production. The most stable production occurred at rates of about 647 MCFD, when the average gas-oil ratio was the lowest at approximately 15,224 cubic feet per barrel.

Restricting gas production from the well is not necessary to prevent waste.

The well has accumulated approximately 56,123 MCF of casinghead gas overproduction and 2,560 BO penalized overproduction as of April 30, 2007. Barrow-Shaver Resources requests that this 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 Red Oak (Dexter) Field is 200 BOPD and 400 MCFD. There are no other producing oil wells in the field.
3. The Casey No. 2 was completed in January 2007 and produced at a rate of 125 BOPD, no gas and no water flowing through a 12/64" choke with 50 psi flowing tubing pressure.
4. The Casey No. 2 is rate sensitive and produces at higher gas-oil ratios when restricted to rates near the current allowable of 400 MCFD.
5. The most stable production occurred at rates of about 650 MCFD, when the average gas-oil ratio was the lowest at 15,224 cubic feet per barrel.
6. Restricting gas production from the well is not necessary to prevent waste.
7. The well has accumulated approximately 56,123 MCF of casinghead gas overproduction and 2,560 BO penalized overproduction as of April 30, 2007.

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 650 MCFD for the Casey No. 2 in the Red Oak (Dexter) 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 Casey No. 2 in the Red Oak (Dexter) Field be authorized to produce under net gas-oil ratio authority with a daily gas limit of 650 MCFD and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner