

OIL & GAS DOCKET NO. 06-0222502

October 11, 1999

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APPLICATION OF SAMSON LONE STAR LP TO CONSIDER AN INCREASED NET GAS-OIL RATIO AUTHORITY FOR THE NANNIE ROQUEMORE LEASE WELL NO. 3 IN THE DEBERRY (TRAVIS PEAK 6000) FIELD, PANOLA COUNTY, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: October 11, 1999

APPEARANCES:

Glenn E. Johnson, Attorney
Raymond L. Taylor

REPRESENTING:

Samson Lone Star LP

PROTESTANTS: None

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unopposed application of Samson Lone Star LP for a net gas-oil ratio authority which results in a gas-oil ratio (GOR) of 2,250 cubic feet of gas per barrel of oil (2250:1) for its Nannie Roquemore Well No. 3. It is proposed the cumulative casinghead gas overproduction be canceled.

DISCUSSION OF THE EVIDENCE

The Deberry (Travis Peak 6000) Field was discovered in 1997 at approximately 6,152 feet subsurface depth. This field is governed by Statewide Rules. The top oil allowable for a well in the field is 111 BOPD and a casinghead gas limit of 222 MCF of gas per day. There are two operators and two wells in the field. The two wells are approximately 2.6 miles apart. It is believed that the two wells are not in pressure communication. The Samson Lone Star, Nannie Roquemore Well No. 3 was recently purchased from Sonat Exploration. The well is perforated from 6,185' to 6,196' and from 6,270' to 6,275'. The upper interval is a gas zone and the lower interval is an oil zone. Sonat had initially placed a temporary plug over the lower interval and was producing the well in the Deberry (Travis Peak 6000) "GAS" Field.

The Travis Peak is a discontinuous, lenticular formation. The subject well is classified as

an oil well. Cumulative production from October 1997 through July 1999 is 3,900 BO and 157,923 MCF of gas. The well current produces at 4 BOPD and 250 MCF of casinghead gas per day. The GOR averages 63,000:1. The well comes no where near producing the top oil allowable and a little over the casinghead gas limit of 222 MCFD. The well becomes severely penalized because of the producing gas-oil ratio limit of 2,000:1. The well produces by means of artificial lift. Thus, the well could not be tested at four different producing rates. In order to facilitate one other rate, the casing valve was choked back to hold a higher casing pressure (250 psig). The gas production rate was cut approximately in half to 130 MCFD. The oil rate and water rates were unchanged which indicates production is not rate sensitive.

The casinghead gas gatherer in the field submitted a letter stating that 100% take of all the produced casinghead gas will not cause it to curtail other wells on its system.

This well in reality is the only well in the field (as stated above the other well "carried" in this field is 2.6 miles away) thus there is no competition. Canceling the overproduction will not harm correlative rights.

FINDINGS OF FACT

1. Notice of this application was given to all person entitled to notice at least ten (10) days prior to the hearing.
2. There was no protest of the application.
3. The Deberry (Travis Peak 6000) Field was discovered in 1997 at approximately 6,152 feet subsurface depth.
 - a. This field is governed by Statewide Rules.
 - b. The top oil allowable for a well in the field is 111 BOPD and a casinghead gas limit of 222 MCF of gas per day.
 - c. There are two operators and two wells in the field.
4. The Samson Lone Star, Nannie Roquemore Well No. 3 is perforated from 6,185' to 6,196' and from 6,270' to 6,275'. The upper interval is a gas zone and the lower interval is an oil zone.
 - a. Cumulative production from October 1997 through July 1999 is 3,900 BO and 157,923 MCF of gas.
 - b. The well current produces at 4 BOPD and 250 MCF of casinghead gas per day. The GOR averages 63,000:1.

- c. The well produces by means of artificial lift.
 - d. The oil rate and water rates were unchanged which indicates production is not rate sensitive.
- 5. The casinghead gas gatherer in the field submitted a letter stating that 100% take of all the produced casinghead gas will not cause it to curtail other wells on its system.
 - 6. All casinghead gas produced in excess of the penalized allowable should be canceled.

CONCLUSIONS OF LAW

- 1. Notice of this hearing was provided in accordance with all applicable regulatory statutes and rules.
- 2. All things have occurred or been accomplished to afford the Commission the jurisdiction to consider and decide this matter.
- 3. Consideration and approval of this application for a net gas-oil ratio is a matter properly within the jurisdiction of the Commission to foster conservation and prevent waste.
- 4. Cancellation of the casinghead gas in excess of the penalized allowable will not harm correlative rights.

EXAMINER'S RECOMMENDATION

It is recommended that the application of Samson Lone Star LP, Nannie Roquemore Well No. 3 for a net GOR that results in a gas limit of 250 MCF of gas per day be approved and the over production of casinghead gas be canceled.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel