

May 2, 2006

**OIL AND GAS DOCKET NO. 01-0246597**

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**APPLICATION OF PROPERTY DEVELOPMENT GROUP, INC., TO CONSIDER AN INCREASED NET GOR AUTHORITY FOR THE HITZFELDER LEASE WELL NO. 5, PRUE RANCH (SERPENTINE) FIELD, FRIO COUNTY, TEXAS**

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

**DATE OF HEARING:** April 28, 2006

**APPEARANCES:**

Alma Cooper

**REPRESENTING:**

Property Development Group, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

This is the unopposed application of Property Development Group, Inc. for a net gas-oil ratio (GOR) which would increase the permitted gas limit for the Hitzfelder Lease Well No. 5, however at the hearing the applicant stated that the subject well's gas yield had fallen to below the allowed limit and an increased gas limit was no longer necessary. It was requested that the overproduction of the casinghead gas be cancelled. The examiner recommends approval.

**DISCUSSION OF THE EVIDENCE**

The Prue Ranch (Serpentine) Field was discovered in 1998 at 2,980' subsurface depth. The field operates pursuant to Statewide Rules. The top allowable for a well completed at this depth is 78 BOPD and a casinghead gas limit of 156 MCF per day. Property Development is the only operator in the field with one well.

The Property Development, Hitzfelder Well No. 1 was the discovery well for the field and was completed July 17, 1998 through perforations from 2,970 to 2,980' subsurface depth. The well has cumulative production of 117,000 BO and 436 MMCFD of casinghead gas. The well is a pumping well (since 2003) and has a current assigned allowable of 31 BOPD. Since April 2005, the well was producing 12 BOPD and 155 MCFD of casinghead gas. Production suddenly decreased in June 2005 and a workover was performed in August 2005 and it was discovered that a hole had developed in the tubing string. The tubing was repaired and the well was re-perforated across the same interval. The well re-potentialized at 20 BOPD and 225 MCFD. Casinghead gas production has since decreased to below the 156 MCFD gas yield limit. A net GOR is no longer necessary. Cancellation of the over production 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 Prue Ranch (Serpentine) Field was discovered in 1998 at 2,980' subsurface depth.
  - a. The field operates pursuant to Statewide Rules.
  - b. The top allowable for a well completed at this depth is 78 BOPD and a casinghead gas limit of 156 MCF per day.
  - c. Property Development is the only operator in the field with one well.
4. The Property Development, Hitzfelder Well No. 1 was the discovery well for the field and was completed July 17, 1998 through perforations from 2,970 to 2,980' subsurface depth.
  - a. The well has cumulative production of 117,000 BO and 436 MMCFD of casinghead gas.
  - b. The well is a pumping well (since 2003) and has a current assigned allowable of 31 BOPD.
5. A net GOR is no longer necessary as after the a well workover and acid stimulation program the casinghead gas yield has decreased to below the gas limit assigned for wells in the field.
6. Cancellation of the over production of the Hitzfelder Lease (RRC Lease No. 14212) will not harm correlative rights.

**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 cancellation of overproduction is a matter properly within the jurisdiction of the Commission to foster conservation and prevent waste.
4. Cancellation of overproduction will not harm correlative rights.

**EXAMINER'S RECOMMENDATION**

It is recommended that the application to cancel overproduction for the Property Development, Hitzfelder Lease be approved.

Respectfully submitted,

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