

November 3, 2000

OIL AND GAS DOCKET NO. 7C-0226259

APPLICATION OF ARCO PERMIAN TO CONSIDER AN INCREASED NET GAS-OIL RATIO AUTHORITY FOR THE KINCAID LEASE WELL NO. 1 IN THE AMACKER-TIPPETT, S. (WOLFCAMP) FIELD, UPTON COUNTY, TEXAS

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

DATE OF HEARING: November 1, 2000

APPEARANCES:

Brain Sullivan, Attorney
Thomas E. Krawietz

REPRESENTING:

Arco Permian

PROTESTANTS: None

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unopposed application of Arco Permian for a net gas-oil ratio authority which results in a maximum casinghead gas limit of 400 MCFD for its Kincaid Lease Well No. 1. It is proposed the cumulative casinghead gas overproduction be canceled.

DISCUSSION OF THE EVIDENCE

The Amacker-Tippett, S. (Wolfcamp) Field was discovered in 1958 at approximately 8,507 feet subsurface depth. This field is governed by Statewide Rules. The top oil allowable for a well in the field is 122 BOPD and a casinghead gas limit of 244 MCF of gas per day. There are three operators and three wells in the field. The Arco Permian, Kincaid Lease Well No. 1 was completed in 1994 in the Amacker-Tippett, SE (Bend 10600) Field through perforations from 10,328' to 10,352' subsurface depth. The well was re-completed in 1996 as a dual completion in the Amacker-Tippett, S. (Wolfcamp) Field through perforations from 8,640' to 8,680' subsurface depth. In January 1999, Arco Permian received downhole commingling authority for the "Bend" interval and the "Wolfcamp" interval. The zones were commingled by the release of the downhole packer which previously separated the zones. In June 2000, an intermitter¹ was placed on the well to establish sustained production. Between January and May 2000, the well had to be swabbed six times to re-

¹ An intermitter is a timing device that measures the pressure differential between the tubing and casing. When a preprogrammed pressure differential is obtained, the intermitter electronically sends a signal to a motor valve to open the tubing annulus allowing the well to flow using the gas volume as the energy to lift the fluid in the bottom of the well and in the tubing to the surface. At another preprogrammed pressure differential, the intermitter will cause the motor valve to close. The well pressure is again allowed to commence pressure build-up.

establish production because of wellbore fluid loading. The well currently produces 15 - 18 BOPD and 350 to 400 MCFD of casinghead gas. Because the well is produced using an intermitter, a conventional step rate test can not be performed on the well. The use of the intermitter is an energy conservation device that will cause reservoir gas to be used efficiently and effectively.

The cancellation of casinghead gas will not harm correlative rights as evidenced by the lack of protest from offset operators.

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 Amacker-Tippett, S. (Wolfcamp) Field was discovered in 1958 at approximately 8,507 feet subsurface depth.
 - a. This field is governed by Statewide Rules.
 - b. The top oil allowable for a well in the field is 122 BOPD and a casinghead gas limit of 244 MCF of gas per day.
 - c. There are three operators and three wells in the field.
4. The Arco Permian, Kincaid Lease Well No. 1 was completed in 1994 in the Amacker-Tippett, SE (Bend 10600) Field through perforations from 10,328' to 10,352' subsurface depth. The well was re-completed in 1996 as a dual completion in the Amacker-Tippett, S. (Wolfcamp) Field through perforations from 8,640' to 8,680' subsurface depth.
5. Arco Permian received downhole commingling authority for the "Bend" interval and the "Wolfcamp" interval.
 - a. The well has sustained production by using an intermitter and currently produces 15 - 18 BOPD and 350 to 400 MCFD of casinghead gas.
 - b. The use of the intermitter is an energy conservation device that will cause reservoir gas to be used efficiently and effectively.
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 Arco Permian for a net gas-oil ratio authority which results in a maximum casinghead gas limit of 400 MCFD for its Kincaid Lease Well No. 1 be approved and the over production of casinghead gas be canceled.

Respectfully submitted,

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