

December 2, 2003

OIL AND GAS DOCKET NO. 02-0236641

THE APPLICATION OF HART PETROLEUM SERVICES, INC., TO ESTABLISH AN MER FOR ITS KEERAN LEASE, KOONTZ (5600) FIELD, VICTORIA COUNTY, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: October 9, 2003
Hearing held: December 1, 2003

Appearances

Jim Clark

Representing
Hart Petroleum Services, Inc.

EXAMINER'S REPORT AND PROPOSAL FOR DECISION

STATEMENT OF THE CASE

Hart Petroleum Services ("Hart ") wants its Keeran Lease Well No. 1 in the Koontz (5600) Field, Victoria County, Texas, to be able to produce up to 250 BOPD. Hart also requests that all overproduction for this well be canceled.

DISCUSSION OF THE EVIDENCE

The Koontz (5600) Field was discovered in 1963. Only one well ever produced in the field but there had been no production since 1970. One well is still on the field's proration schedule as partially plugged. This well was used as a disposal well and did not produce. The top allowable for fields at this depth under Statewide Rules is 102 BO and 204 MCF per day.

Hart completed its Keeran No. 1 on June 26, 2003, with perforations from 5600' to 5604'. The initial potential of the well was 169 BOPD and 58 MCF/D with no water. The well was step-rate tested between October 23 and November 16, 2003, with the following results:

Choke size (inches)	Average oil rate (BOPD)	Average gas rate (MCFD)	Flowing tubing pressure (psi)	Gas/oil ratio (cubic feet per barrel)
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11/64th"	199	150	958	752
8/64th"	119	135	983	1138
7/64th"	72	84	957	1163
12/64th"	249	145	921	583

No water was produced during the test. The most efficient production occurred on a choke open 12/64th inches when the gas/oil ratio was only 583 cubic feet per barrel. The well was less efficient when produced near its allowable of 102 BOPD, as the gas/oil ratio was over 1 MCF per barrel. Statewide Rule 49 allows wells to produce up to 2 MCF per barrel of oil, but gas/oil ratios below 2000 to 1 are considered more efficient. The highest daily oil rate during the test of the Keeran No. 1 was 256 BOPD.

This well has accumulated 6463 barrels of overproduction. There are no other wells in the field and cancellation of this overproduction will not affect correlative rights. Requiring the Keeran No. 1 to produce at a reduced rate to make up overproduction will cause it to be produced inefficiently.

FINDINGS OF FACT

1. Notice of this hearing was issued to Hart Petroleum Services, the operator of the only active well in the Koontz (5600) Field, on November 7, 2003.
2. The Koontz (5600) Field was discovered 1963, but there has been no production since 1970.
3. Hart Petroleum Services completed its Keeran Lease Well No. 1 in June, 2003, with an initial potential of 169 BOPD, 58 MCF/D and no water.
4. The step-rate test of the Keeran No. 1 well, conducted between October 23 and November 16, 2003, shows the well produces more efficiently at an increased rate.
 - a. On choke sizes less than 10/64th inches, the gas/oil ratio is over 1000 cubic feet per barrel.
 - b. On a choke size of 12/64th inches, the daily producing rates averaged 249 BO and MCF, for a gas/oil ratio of 583 cubic feet per barrel.
5. The Keeran No. 1 has accumulated 6463 barrels of overproduction.
6. Requiring the Keeran No. 1 to be produced at a lower rate to make up the well's overproduction would cause the well to be produced inefficiently and is not necessary to protect correlative rights.

CONCLUSIONS OF LAW

1. Proper notice was given to all necessary parties as required by applicable statutory and regulatory

provisions.

2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. Producing the Hart Petroleum Services, Inc., Keeran Lease Well No. 1 at a rate of 250 BOPD will prevent waste and promote conservation.
4. Cancellation of overproduction for the Hart Petroleum Services, Inc., Keeran Lease Well No. 1 will prevent waste and not harm correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the request of Hart Petroleum Services, Inc., to produce its Keeran Lease Well No. 1, Koontz (5600) Field at a daily oil rate of 250 barrels be granted. All overproduction for this well should be canceled.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner

Date of Commission Action: December 22, 2003