

**THE APPLICATION OF HALL-HOUSTON EXPL. II, LP TO CONSIDER AN MER ALLOWABLE FOR THE S.T. 560-L (SW) UNIT, WELL NO. 2, MATAGORDA 560-L (7250 SAND) FIELD, CALHOUN COUNTY, TEXAS**

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**HEARD BY:** Richard D. Atkins, P.E. - Technical Examiner

**HEARING DATE:** May 23, 2011

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Tim Smith

Hall-Houston Expl. II, LP

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Hall-Houston Expl. II, LP ("Hall-Houston") requests approval of an MER allowable of 1,000 BOPD for its S.T. 560-L (SW) Unit, Well No. 2, in the Matagorda 560-L (7250 Sand) Field, Calhoun County, Texas. Hall-Houston also requests that all overproduction for the well be canceled.

The application is unopposed and the examiner recommends approval of the requested MER allowable and cancellation of the overproduction.

**DISCUSSION OF EVIDENCE**

The S.T. 560-L (SW) Unit, Well No. 2, was completed in the Matagorda 560-L (7250 Sand) Field in November 2008 with perforations between 7,272 feet (TVD) and 7,307 feet (TVD). On initial test, the well flowed on an 15/64" choke at a rate of 264 BOPD, 1,377 MCFGPD and 0 BWPD. The top allowable in the field is the 1965 Offshore Yardstick Allowable of 470 BOPD with an allowable gas oil ratio of 2,000 cubic feet per barrel. Hall-Houston is the only operator in the field and Well No. 2 is the only well carried on the oil proration schedule.

The Matagorda 560-L (7250 Sand) Field has a depletion drive as the primary drive mechanism. On the smaller choke sizes, the S.T. 560-L (SW) Unit, Well No. 2, begins to load up with fluid and experiences a declining tubing pressure. In April and May 2011,

Hall-Houston tested the well to determine its rate sensitivity. The average test results are summarized as follows:

<u>CHOKE SIZE</u>	<u>FTP (PSI)</u>	<u>OIL (BOPD)</u>	<u>WATER (BWPD)</u>	<u>GAS (MCFGPD)</u>	<u>GOR (CUFT/BBL)</u>
9/64"	900	268	0	544	2,032
14/64"	975	540	38	716	1,326
18/64"	1,150	772	64	1,032	1,337
20/64"	1,075	962	77	1,102	1,146

The testing indicates that the well produces more efficiently at higher oil rates. The gas oil ratio was the lowest at the highest producing rate. On the smaller choke sizes, the well began to load up with fluid, as the flowing tubing pressure became erratic and fluctuated between 900 psia and 1,000 psia.

As a result of the testing, Hall-Houston requests an MER allowable of 1,000 BOPD. Through March 2011, the S.T. 560-L (SW) Unit, Well No. 2, was overproduced by 62,555 BO and 123.2 MMCFG. Hall-Houston also requests that all of the 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 S.T. 560-L (SW) Unit, Well No. 2, was completed in the Matagorda 560-L (7250 Sand) Field in November 2008 with perforations between 7,272 feet (TVD) and 7,307 feet (TVD).
3. The top allowable in the field is the 1965 Offshore Yardstick Allowable of 470 BOPD with an allowable gas oil ratio of 2,000 cubic feet per barrel. Hall-Houston is the only operator in the field and Well No. 2 is the only well carried on the oil proration schedule.
4. The Matagorda 560-L (7250 Sand) Field has a depletion drive as the primary drive mechanism.
5. On the smaller choke sizes, the S.T. 560-L (SW) Unit, Well No. 2, begins to load up with fluid and experiences a declining tubing pressure.
6. In April and May 2011, Hall-Houston tested the well to determine its rate sensitivity. The well produces more efficiently at higher oil rates.

- a. On a 20/64" choke, the well produced 962 BOPD and 1,102 MCFGPD with a GOR of 1,146 cubic feet per barrel.
  - b. The gas oil ratio was the lowest at the highest producing rate.
  - c. On the smaller choke sizes, the well began to load up with fluid, as the flowing tubing pressure became erratic and fluctuated between 900 psia and 1,000 psia.
7. Through March 2011, the S.T. 560-L (SW) Unit, Well No. 2, was overproduced by 62,555 BO and 123.2 MMCFG.

**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 an MER allowable of 1,000 BOPD and cancellation of the overproduction for the S.T. 560-L (SW) Unit, Well No. 2, in the Matagorda 560-L (7250 Sand) Field will prevent waste and will not harm correlative rights.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiner recommends approval of the MER allowable and cancellation of the overproduction, as requested by Hall-Houston Expl. II, LP.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner