



# RAILROAD COMMISSION OF TEXAS

## OFFICE OF GENERAL COUNSEL

September 13, 2006

**OIL AND GAS DOCKET NO. 02-0247963**

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**APPLICATION OF DOUBLE PLAY OIL & GAS, INC., TO CONSIDER AN MER FOR THE MCNEIL NORTH LEASE WELL NO. 1, DINERO, WEST (HOCKLEY) FIELD, LIVE OAK COUNTY, TEXAS**

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

**DATE OF HEARING:** September 1, 2006

**APPEARANCES:**

Phil Russell  
Glenn Burdine  
Dana Seal

**REPRESENTING:**

Double Play Oil & Gas, Inc.

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

This is the unprotested application of Double Play Oil & Gas for an MER of 150 BOPD for the McNeil North Lease Well No. 1. Double Play also requests that all overproduction be canceled for its McNeil North Lease (RRC Lease No. 08990). The examiner recommends approval.

### DISCUSSION OF THE EVIDENCE

The Dinero, West (Hockley) Field was discovered in 1961 at 4,377' subsurface depth. The field operates pursuant to Statewide Rules. The top allowable for a well completed at this depth is 93 BOPD and a casinghead gas limit of 186 MCF per day. Special Order No. 2-59,413 effective May 1, 1969 provided for a net gas-oil ratio that results in a maximum casinghead gas limit of 500 MCFD per well. There are six operators in the field and 8 active wells.

The Double Play Oil & Gas, McNeil North Lease Well No. 1 was completed December 17, 2004 through perforations from 4,438' to 4,441' subsurface depth. The well potentialed at 55 BOPD, 65 MCFD and no water. The GOR (gas-oil ratio) was 1182:1 and flowing on an 8/64ths choke. The oil gravity is 44.1 ° API. The initial flowing tubing pressure was 260 psig. Completion papers were not filed with the Commission in a timely manner and the well was not assigned an allowable until May 2005. The well overproduced approximately 5,400 BO and is currently overproduced approximately 17,500 BO. The current production rate of the well is approximately 140 BOPD.



An MER of 150 BOPD will not result in the loss of otherwise recoverable reserves. The testing shows that the well is rate sensitive. The well has been producing on a 14/64th's choke and the rates were very stabilized at  $\pm$  140 BOPD, 90 MCFD, 20 BWPD, a water cut of 13% and a flowing tubing pressure of 280 psig. The production rate was decreased (12/64th's choke) and it was observed the production rate continued to decline from 86 BOPD to 65 BOPD over 10 days. During this time the water cut increased to 21% and the flowing tubing pressure continued to drop from 265 psig to 200 psig. A clear indication that the well would not continue to produce due to well bore fluid loading. The adjustable choke was increased to 13/64th's and the rates increased to  $\pm$  100 BOPD. The water cut decreased to 16% and the flowing tubing pressure increased to 245 psig.

Cancellation of the over production will not harm correlative rights as no other operator in the field protested the application.

#### 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 Dinero, West (Hockley) Field was discovered in 1961 at 4,377' subsurface depth.
  - a. The field operates pursuant to Statewide Rules and the top allowable for a well completed at this depth is 93 BOPD and a casinghead gas limit of 186 MCF per day.
  - b. Special Order No. 2-59,413 effective May 1, 1969 provided for a net gas-oil ratio that results in a maximum casinghead gas limit of 500 MCFD.
  - c. There are six operators in the field and 8 active wells.
4. The Double Play Oil & Gas, McNeil North Lease Well No. 1 was completed December 17, 2004 through perforations from 4,438' to 4,441' subsurface depth.
5. An MER of 150 BOPD is appropriate and will not result in the loss of otherwise recoverable reserves.
  - a. The testing shows that the well is rate sensitive.
  - b. The well can not produce at or near the top allowable for a well in the field as the water production increases and thus the flowing tubing pressure decreases that indicates wellbore fluid loading and limits the hydrocarbon liquids from entering the wellbore area.



6. Cancellation of the over production will not harm correlative rights.

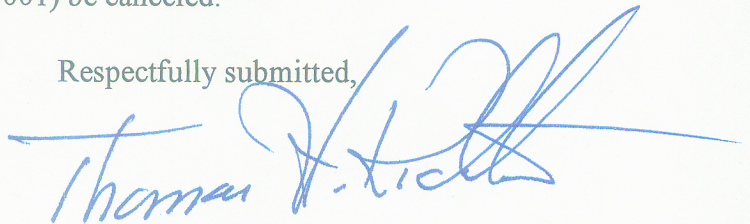
CONCLUSIONS OF LAW

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 an MER of 150 BOPD is a matter properly within the jurisdiction of the Commission to foster conservation and prevent waste.
4. Approval of the proposed application of Double Play Oil & Gas Corp. for an MER of up to 150 BOPD will not cause waste or prevent the recovery of otherwise recoverable reserves.
5. Cancellation of overproduction will not harm correlative rights.

EXAMINER'S RECOMMENDATION

It is recommended that the application Double Play Oil & Gas for an MER of 150 BOPD for the McNeil North Lease Well No. 1 be approved. It is further recommended that all overproduction for the McNeil North Lease (RRC Lease No. 09001) be canceled.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Thomas H. Richter", with a long horizontal flourish extending to the right.

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