

September 15, 2005

OIL & GAS DOCKET NO. 03-0243600

APPLICATION OF T-N-T ENGINEERING, INC. CONSIDER AN MER FOR THE J.C. WALTON "A" LEASE WELL NO. 16 IN THE RACCOON BEND (WILSON) FIELD, AUSTIN COUNTY, TEXAS

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

DATE OF HEARING: September 8, 2005

APPEARANCES:

Dale E. Miller

REPRESENTING:

T-N-T Engineering,
Inc.

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of T-N-T Engineering, Inc. for Commission consideration for an MER for the J.C. Walton "A" Lease Well No. 16 of 250 BOPD. It is also proposed that all oil production in excess of the assigned allowable be canceled effective the date of the Order. The examiner recommends approval.

DISCUSSION OF THE EVIDENCE

The Raccoon Bend (Wilson) Field was discovered in 1951 at 3,050' subsurface depth. The field is governed by Special Field Rules that provide for minimum well spacing 330'/933' (leaseline/between well), 20 acre density and 100% acreage allocation formula. The top allowable for a well in the field is 75 BOPD. The T-N-T Engineering, J.C. Walton "A" Lease Well No. 16 was completed on May 9, 2005, through perforations from 2,970' to 2,982' subsurface depth. The well potentialized at 247 BOPD, 0 MCFD and 13 BWPD. The oil gravity is 19 degrees API. The well produces on rod-pump and is completed at the very top of the Wilson sand.

An MER allowable of 250 BOPD will not cause waste. In order to test the well, the pump motor speed was varied to alter the strokes per minute of the pumping unit. The well was produced at 8.5 SPM and averaged 149 BOPD with an average water cut of 7.4% and the fluid level was 453' from the surface. The pump rate was increased to 10.5 SPM and the average production rate increased to 177 BOPD with an average water cut of 16.5% and the fluid level was 441' from the surface. The fact that the fluid level remained stable though the total fluid

volume removal was increased indicates that the reservoir is more than capable of producing at higher rates. The hydrostatic head of the fluid in the wellbore is placing back pressure on the formation. Currently, the well is produced using a 1.5 inch insert pump. T-N-T desires to place a larger, more efficient downhole insert pump in the well. The higher oil producing rates resulted in a greater water removal from the formation allowing more formation oil to enter the wellbore.

It is proposed that the oil produced in excess of the assigned allowable on the J.C. Walton "A" Lease (24703) Lease be canceled.

FINDINGS OF FACT

1. Notice of this application was given to all persons entitled to notice at least ten (10) days prior to the hearing.
2. There was no protest of the application.
3. The Raccoon Bend (Wilson) Field was discovered in 1951 at 3,050' subsurface depth. The field is governed by Special Field Rules that provide for minimum well spacing 330'/933' (leaseline/between well), 20 acre density and 100% acreage allocation formula. The top allowable for a well in the field is 75 BOPD.
4. The T-N-T Engineering, J.C. Walton "A" Lease Well No. 16 was completed on May 9, 2005, through perforations from 2,970' to 2,982' subsurface depth.
 - a. The well potentialized at 247 BOPD, 0 MCFD and 13 BWPD. The oil gravity is 19 degrees API.
 - b. The well produces on rod-pump.
5. An MER allowable of 250 BOPD will not cause waste.
 - a. The well was produced at 8.5 SPM and averaged 149 BOPD with an average water cut of 7.4% and the fluid level was 453' from the surface.
 - b. The pump rate was increased to 10.5 SPM and the average production rate increased to 177 BOPD with an average water cut of 16.5% and the fluid level was 441' from the surface.
 - c. The fluid level remained stable though the total fluid volume removal was increased indicating that the reservoir is more than capable of producing at higher rates.
 - d. The hydrostatic head of the fluid in the wellbore is placing back pressure on the

formation and a larger, more efficient downhole insert pump will be placed in the well to remove a greater water volume allowing more oil to enter the wellbore.

6. Oil that was produced in excess of the assigned allowable should be canceled as correlative rights will not be harmed.

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 MER is a matter properly within the jurisdiction of the Commission to foster conservation and prevent waste.
4. Approval of the proposed application of T-N-T Engineering, Inc. for an MER of up to 250 BOPD for the J.C. Walton "A" Lease Well No. 16 will foster conservation and not cause waste.
5. Cancellation of the oil production in excess of the assigned allowable will not harm correlative rights.

EXAMINER'S RECOMMENDATION

It is recommended that the application of T-N-T Engineering for Commission consideration for an MER for the J.C. Walton "A" Lease Well No. 16 of 250 BOPD be approved. It is further recommended that the oil produced in excess of the assigned allowable for the subject lease should be canceled.

Respectfully submitted,

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