

February 2, 2006

OIL & GAS DOCKET NO. 03-0245602

APPLICATION OF NORTH CENTRAL OIL CORP. TO CONSIDER AN MER FOR THE W.T. BELCHER "B" LEASE WELL NO. 44 IN THE MANVEL (MIOCENE) FIELD, BRAZORIA COUNTY, TEXAS

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

DATE OF HEARING: February 1, 2006

APPEARANCES:

John Soule, attorney
James Lee Thomas

REPRESENTING:

North Central Oil Corp. (POGO)¹

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of North Central Oil Corp., hereinafter will be referred to as POGO, for consideration for an MER for the W.T. Belcher "B" Lease Well No. 44 of 150 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 Manvel (Miocene) Field was discovered in 1931 at 4,200' subsurface depth. The field is governed by Special Field Rules pursuant to Oil & Gas Docket No. 128 effective March 12, 1934, amended by Commission Memorandum approved July 21, 1959 and further by Order No. 3-41,757, effective November 9, 1959 that provide for minimum well spacing 330'/660' (leaseline/between well), 10 acre density and an allocation formula based on 75% acreage and 25% per well. The top allowable MER for a well in the field is set at 63 BOPD based on the 1947 yardstick. POGO is the only operator in the field with nine wells.

The POGO, W.T. Belcher "B" Lease Well No. 44 was re-completed from a deeper horizon in October 2002 through perforations from 3960' - 3972' subsurface depth. The well flowed at an initial rate of 121 BOPD, 114 MCFD and 281 BWPD. In November 2002, a new tubing system was installed with gas-lift valves. The well soon "sanded up" and the sand was removed. Because of sanding problems, holes in the tubing string were repaired on several occasions. Because of continuing sanding problems, a screened liner and gravel pack was installed at the perforations.

¹ North Central Oil Corp. was a wholly owned subsidiary of POGO Producing Company. Effective January 1, 2006, those properties designated as North Central Oil Corp. were changed to POGO Producing Company.

Production increased from 12-14 BOPD to ± 60 BOPD. Subsequently two more tubing leaks were repaired. A new gravel pack was installed. The shut-in bottomhole pressure was 1,572 psi. The well was returned to production in November 2004 at a FBHP differential across the gravel pack of 900 psi - 450 psi. Production increased from 20-30 BOPD to an average of ± 100 BOPD. Cumulative production is 23,200 BO and 22.6 MMCF of casinghead gas. The current producing rate is 99 BOPD, 31 MCFD and 911 BWPD (a water cut of 97.5%). An MER of up to 150 BOPD is warranted as the well has produced near 200 BOPD on several occasions because of continuing well workovers and variations in the gas-lift process. The subject well is an anomaly in the field as the other producing wells in the field have potentials ranging from 4 to 17 BOPD.

It is proposed that the oil produced in excess of the assigned allowable on the W.T. Belcher "B" Lease (22726) 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. North Central Oil Corp. was a wholly owned subsidiary of POGO Producing Company. Effective January 1, 2006, those properties designated as North Central Oil Corp. were changed to POGO Producing Company.
2. There was no protest of the application.
3. The Manvel (Miocene) Field was discovered in 1931 at 4,200' subsurface depth.
 - a. The top allowable MER for a well in the field be set at 63 BOPD based on the 1947 yardstick.
 - b. POGO is the only operator in the field with nine wells.
4. The POGO, W.T. Belcher "B" Lease Well No. 44 was re-completed from a deeper horizon in October 2002 through perforations from 3960' - 3972' subsurface depth. The well flowed at an initial rate of 121 BOPD, 114 MCFD and 281 BWPD.
 - a. The well produces using a gas-lift artificial process system.
 - b. The well has a severe problem with the production of formation sand which has caused numerous tubing and production equipment problems.
 - c. The well is now equipped with a screened liner and gravel pack.
5. An MER allowable of 150 BOPD will not cause waste.
 - a. The current producing rate is 99 BOPD, 31 MCFD and 911 BWPD (a water cut of

97.5%).

- b. The well has produced near 200 BOPD on several occasions because of continuing well workovers and variations in the gas-lift process.
 - c. The subject well is an anomaly in the field as the other producing wells in the field have potentials ranging from 4 to 17 BOPD.
6. It is proposed that any production in excess of the assigned allowable for the W.T. Belcher "B" Lease (22726) 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 MER is a matter properly within the jurisdiction of the Commission to foster conservation and prevent waste.
- 4. Approval of the proposed application of POGO Producing Company for an MER for the W.T. Belcher "B" Lease Well No. 44 of 150 BOPD 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 POGO Producing Company for Commission consideration for an MER for the W.T. Belcher "B" Lease Well No. 44 of 150 BOPD be approved.

Respectfully submitted,

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