

**OIL AND GAS DOCKET NO. 03-0262612**

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**THE APPLICATION OF HOUSTON ENERGY, L.P. TO CONSIDER AN MER AND AN INCREASED NET GOR AUTHORITY FOR THE PREVOT WELL NO. 1 IN THE DAYTON, NORTH (YEGUA EY-1) FIELD, LIBERTY COUNTY, TEXAS**

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**Heard by:** Andres J. Trevino P.E. on August 28, 2009

**Appearances:**

Steve Towns  
Nguyen B. Ngoc

**Representing:**

Houston Energy, L.P.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Houston Energy, L.P. requests approval of an MER of 275 BOPD and an increased net gas-oil ratio authority with a daily gas limit of 750 MCFD for Prevot Well No. 1 in the Dayton, North (Yegua EY-1) Field. Houston Energy also requests that all overproduction for the lease be canceled.

The application is unopposed and the examiner recommends approval of the requested MER of 275 BOPD, increased net gas-oil ratio authority with a daily gas limit of 750 MCFD and cancellation of overproduction for the Prevot lease.

**DISCUSSION OF EVIDENCE**

The Dayton, North (Yegua EY-1) Field was discovered in 1953 at a depth of 8,396 feet. There are two additional wells in the field, one oil well and a shut-in well. Cumulative production from the field has totaled 1,429,658 BO. On July 12, 1954 special field rules and an MER allowable of 100 BOPD were adopted as a result of a Commission called hearing. The current top allowable in the field is 100 BOPD with a casinghead gas limit of 200 MCFD.

The Prevot No. 1 was completed in December 2008 to a total depth of 8,375 feet. The well was perforated in the Yegua EY-1 sand from 7,890 to 7,900 feet. The well flowed at a rate of 249 BOPD and 1,258 MCFD on initial test, with a flowing tubing pressure of 1,978 psi. The initial GOR for the well was 5,052 cubic feet per barrel.

The Prevot No. 1 was tested at various rates by varying the choke sizes from 10/64ths to 14/64ths. The testing indicates that the well can produce at rates up to 275 BOPD and 750 MCFD without causing waste. As the choke size was increased from 10/64ths to 14/64ths, oil production stayed fairly constant between 230 to 250 BOPD. Gas production decreased from 850 MCFPD to about 650 MCFPD. The GOR decreased from 3,700 to 2,750 cubic feet per barrel. The lower GOR at the larger choke size demonstrates that less casinghead gas will be produced per barrel of oil produced. Producing less gas will maintain reservoir pressure longer and prevent waste of hydrocarbon resources.

The well is completed in Yegua sands located around the flank of a piercement salt dome structure. It is evident that Houston Energy has drilled the Prevot No. 1 into an undrained fault isolated block. It is requested that all overage in the Prevot lease be canceled. As of July 2009 the lease is overproduced by 21,200 BO and 62,591 MCF of gas.

#### **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 Dayton, North (Yegua EY-1) Field was discovered in 1953 at a depth of 8,396 feet. There are two additional wells in the field, one oil well and a shut-in well.
3. The top allowable in the field is 100 BOPD and casinghead gas limit of 200 MCFD and the field operates under Special Rules.
4. Production test data of the Prevot No. 1 indicates that producing at rates of up to 275 BOPD and 750 MCFD will not cause waste.
  - a. During testing, the choke size was increased from 10/64" to 14/64" during the testing and oil production ranged from an average of 230 BOPD to 250 BOPD.
  - b. The casinghead gas production decreased from 850 MCFD to approximately 650 MCFD
  - c. The producing gas-oil ratio during testing declined as the choke size was increased, ranging from about 3,700 cubic feet per barrel to about 2,750 cubic feet per barrel.
  - d. Producing at lower GOR will preserve reservoir energy.

5. The field is completed in Yegua sands located around the flank of a piercement salt dome structure. Production data indicates that Houston Energy has drilled the Prevot No. 1 into an undrained fault isolated block.
6. The Prevot lease is overproduced by 21,200 BO and 62,591 MCF of gas as of July 2009.

**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 of 275 BOPD and an increased net gas-oil ratio authority with a daily gas limit of 750 MCFD for the Prevot Lease (25308) Well No. 1 in the Dayton, North (Yegua EY-1) Field will not cause waste and will not harm correlative rights.
4. Cancellation of overproduction in the Prevot Lease (25308) will not cause waste or harm correlative rights.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of an MER of 275 BOPD and an increased net gas-oil ratio authority with a daily gas limit of 750 MCFD for the Prevot Lease (25308) Well No. 1 in the Dayton, North (Yegua EY-1) Field. It is further recommended that all overproduction in the lease be cancelled.

Respectfully submitted,

Andres J. Trevino  
Technical Examiner