

THE APPLICATION OF SLAWSON EXPLORATION COMPANY, INC. TO CONSIDER INCREASED NET GAS-OIL RATIO AUTHORITY FOR THE HARRISON LEASE, WELL NO. 2, IN THE ANGLETON, SOUTH (12,100 FRIO) FIELD, BRAZORIA COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. - Technical Examiner

Date of Hearing: February 26, 2010

Appearances:

Steve Slawson (By Telephone)

Representing:

Slawson Exploration Company, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Slawson Exploration Company, Inc. requests authority to produce its Harrison Lease, Well No. 2, under increased net gas-oil ratio authority with a daily gas limit of 1,248 MCFGPD. Slawson also requests that all overproduction for the lease be canceled.

This application was unopposed and the examiner recommends approval of the increased net gas-oil ratio authority with a daily gas limit of 1,248 MCFGPD and cancellation of lease overproduction.

DISCUSSION OF EVIDENCE

The Angleton, South (12,100 Frio) Field was discovered in December 2009 at a depth of approximately 12,600 feet. The Harrison Lease, Well No. 2, is the only well completed in the field. The field operates under Statewide Rules and the top allowable is 312 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel.

The Harrison Lease, Well No. 2, was recompleted from a lower Frio sand at a depth of 12,878 feet to a different (higher) Frio sands with perforations from 12,648 feet to 12,659 feet. On initial test, the well produced flowing at a rate of 238 BOPD, 1,016 MCFGPD and 3 BWPD. The initial GOR was 4,269 cubic feet per barrel.

The Harrison Lease, Well No. 2, is the only oil production from a Frio sand in the area. Slawson believes that this is a limited reservoir of less than 80 acres and is fault separated from the other gas producing Frio sands. The primary drive mechanism for the reservoir is a solution gas drive, which results in decreasing oil production, increasing gas production and higher well GORs.

Slawson tested the Harrison Lease, Well No. 2, during February 2010. The results of the testing are summarized as follows:

Choke Size (in)	Oil Rate (bopd)	Gas Rate (mcfpd)	FTP (psi)	GOR (cuft/bbl)
4/64 (Freezing)				
4/64 (Choke)	136	624	5,150	4,602
6/64	175	850	5,300	4,844
7/64	218	1150	5,300	5,268

The step rate test demonstrates that the well is not rate sensitive. With the doubling of production rate there was only a 10% increase in GOR. Additionally, producing the well on a 4/64" choke caused the choke to freeze causing production downtime. In order to maximize production and prevent waste, Slawson requests an increased net gas-oil ratio authority with a casinghead gas limit of 1,248 MCFGPD be approved. The requested rate is slightly higher than the test rates above, but it will give flexibility in future producing rates, as the GOR increases due to the solution gas drive. This will also allow for the depletion of the reservoir without any reservoir damage, prevent oil from being left behind in the formation if the gas production is curtailed and increase the ultimate recovery from the field.

Slawson requests that any overage that may exist for this lease be cancelled.

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 Angleton, South (12,100 Frio) Field was discovered in December 2009 at a depth of approximately 12,600 feet. The field operates under Statewide Rules and the top allowable is 312 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel.
3. The Harrison Lease, Well No. 2, was recompleted from the Angleton, South (12,600) Field into a different Frio sand with perforations from 12,648 feet to 12,659 feet. On initial test, the well produced flowing at a rate of 238 BOPD, 1,016 MCFGPD and 3 BWPD. The initial GOR was 4,269 cubic feet per barrel.
4. The Harrison Lease, Well No. 2, represents the only oil production from a Frio sand in the area, produces from a limited reservoir and is fault separated from the other gas producing Frio sands. The primary drive mechanism for the reservoir is a solution gas drive, which results in decreasing oil production, increasing gas production and higher well GORs.

5. The step rate test demonstrates that the well is not rate sensitive. With the doubling of production rate there was only a 10% increase in GOR. Additionally, producing the well on a 4/64" choke caused the choke to freeze causing production downtime.
6. Producing the well at rates of up to 1,248 MCFGPD will not cause waste.
7. The well may have overproduced its casinghead gas allowable.

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 the increased net gas-oil ratio authority with a casinghead gas limit of 1,248 MCFGPD for the Harrison Lease, Well No. 2, in the Angleton, South (12,100 Frio) Field and cancellation of overproduction will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Harrison Lease, Well No. 2, in the Angleton, South (12,100 Frio) Field be authorized to produce under net gas-oil ratio authority with a daily gas limit of 1,248 MCFGPD and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner