

OIL AND GAS DOCKET NO. 03-0263545

THE APPLICATION OF MARITECH RESOURCES, INC. TO CONSIDER AN MER ALLOWABLE FOR THE STATE TRACT 98-L LEASE, WELL NO. 1U IN THE BLOCK 98-L (MA-1) FIELD, OFFSHORE GALVESTON COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on December 4, 2009

Appearances:

Richard Zuniga

Representing:

Maritech Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Maritech Resources, Inc. requests that an MER allowable of 500 BOPD be established for its State Tract 98-L Well No. 1U in the Block 98-L (MA-1) Field. Maritech also requests that all accumulated overproduction be cancelled for this lease.

The application is unopposed and the examiner recommends approval of the requested MER and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Block 98-L (MA-1) Field was discovered in July 2006 at a depth of 8,576 feet, offshore Galveston with a discovery allowable of 540 BOPD. The State Tract 98-L Well No. 1U is the only oil well in the field and Maritech is the only operator in the field. The field is governed by Statewide field rules.

Maritech initially completed the State Tract 98-L Well No. 1U, on July 2006 into the MA-1 Sand. as a flowing well. The No. 1U is a dually completed well with the Well No. 1L completed in the MA-2 sand. Maritech filed for a new field designation in July 2008. The well was tested on August 2008 and flowed at a rate of 552 BOPD, 105 MCFD with a GOR of 190 cuft/bbl and a flowing tubing pressure of 1,005 psi on a 14/64" choke. Maritech was preparing to produce the MA-1 reservoir when Hurricanes Gustav and Ike damaged their Crystal Beach Onshore gathering facility. The extended shut-in time contributed to the well's overproduction. The facilities were repaired and production was restarted on September 2009.

During September and October 2009, Maritech tested the State Tract 98-L Well No. 1U at various rates to determine sensitivity. The results of the test are summarized as follows:

<u>choke size</u>	<u>oil rate</u>	<u>gas rate</u>	<u>gas-oil ratio</u>	<u>FTP</u>
14/64"	577 BOPD	423 MCFD	677 cuft/bbl	1460 psi
12/64"	503 BOPD	448 MCFD	892 cuft/bbl	1475 psi
13/64"	566 BOPD	572 MCFD	1,013 cuft/bbl	1520 psi
12/64"	451 BOPD	492 MCFD	1,165 cuft/bbl	1510 psi

The producing gas-oil ratio show the well is rate sensitivity. The gas-oil ratio is lower at the higher rate of production. The highest daily test rate was 577 BOPD , 423 MCFD and a GOR of 677cuft/bbl. When the well was choked back to produce below the allowable of 420 BOPD the well's GOR increased to 1,165 cuft/bbl.

The reservoir is within a relatively small faulted block. The reservoir energy is primarily derived from a solution gas drive. Maritech believes that producing the well at capacity (up to 500 BOPD) will not harm the reservoir.

The field's current allowable is mis-classified as 142 BOPD based on an onshore field. The Block 98-L (MA-1) Field is an offshore field that should have an offshore allowable of 420 BOPD. The well is estimated to be overproduced approximately 6,183 BO as of November 2009 based on a 420 BOPD allowable. Maritech requests that all overage 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 Block 98-L (MA-1) Field was discovered in July 2006 at a depth of 8,576 feet, offshore Galveston with a discovery allowable of 540 BOPD. The State Tract 98-L Well No. 1U is the only well in the field.
3. The State Tract 98-L Well No. 1U was recompleted in July 2006, by perforating into the MA-1 sands starting at a depth of 8,548 feet. The well had an initial potential of 552 BOPD, 105 MCFD with a GOR of 190 cuft/bbl and a flowing tubing pressure of 1,005 psi on a 14/64" choke.
4. Variable rate testing of the State Tract 98-L Well No. 1U indicates that producing at rates of up to 500 BOPD will not cause waste.
 - a. The highest oil rate was 699 BOPD on a 14/64" choke.
 - b. The well produces at lower GOR rates the higher the oil production rate is. On a 14/64" choke the well produced at a rate of 577 BOPD, 423 MCFD and a GOR of 677cuft/bbl.
 - c. When the well is choked back to produce below the allowable the

GOR increases. On a 12/64" choke the well produced at a rate of 451 BOPD, 495 MCFD and a GOR of 1,165 cuft/bbl.

5. The reservoir is within a relatively small fault block. The reservoir energy is primarily derived from a solution gas drive.
6. The Block 98-L (MA-1) Field is an offshore field that should have an offshore allowable of 420 BOPD.
7. The well is estimated to be overproduced approximately 6,183 BO as of November 2009. Cancellation of this overage will not harm correlative rights.

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 500 BOPD for the State Tract 98-L Well No. 1U and cancellation of overproduction for the well in the Block 98-L (MA-1) Field will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of an MER of 500 BOPD and cancellation of overproduction for the State Tract 98-L Well No. 1U in the Block 98-L (MA-1) Field in Offshore Galveston County, Texas.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner