



BARRY T. SMITHERMAN, *CHAIRMAN*
DAVID PORTER, *COMMISSIONER*
CHRISTI CRADDICK, *COMMISSIONER*

COLIN K. LINEBERRY, *DIRECTOR*

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 03-0279484

THE APPLICATION OF LINC GULF COAST PETROLEUM, INC. TO CONSIDER AN MER ALLOWABLE FOR THE STATE TRACT 126 A LEASE, WELL NO. 1 IN THE ATKINSON ISLAND (FRIO) FIELD, CHAMBERS COUNTY, TEXAS

HEARD BY: Andres J. Trevino, P.E. - Technical Examiner
Michael Crnich - Legal Examiner

HEARING DATE: January 11, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale E. Miller
Andreana Medar

Linc Gulf Coast Petroleum, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Linc Gulf Coast Petroleum, Inc. (Linc) requests an MER of 300 BOPD for its State Tract 126 A No. 1 in the Atkinson Island (Frio) Field. Linc also requests that all accumulated overproduction be cancelled for this lease.

The application is unopposed and the examiners recommend approval of the requested MER and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The State Tract 126 A No. 1 was completed in April 2002 as the State Tract 127 No. 1 in the Atkinson Island (Frio) Field by Davis Petroleum. The well is completed as a directionally drilled offshore well with a depth of 6,799 feet MD and 5,065 feet TVD. The well had an initial potential of 383 BOPD, 151.9 MCFPD, 0 BWPD with a GOR of 397 as a flowing well initially. The well is perforated in the Frio formation from 6,582 feet to 6,588 feet MD. The top allowable in the field is 228 BOPD.

The State Tract 127 No. 1 was reclassified as a gas well in June 2004. The well

produced at a rate of 1,278 MCFPD and 8.3 BOPD. The State Tract 127 No. 1 was placed on gas lift in October 2007, where it produced 263 BOPD, 173.7 MCFPD, 5 BWPD with a GOR of 658 and was reclassified as an oil well. The State Tract 127 No. 1 was renamed as the State Tract 126 A No. 1 after a subdivision of the lease on September 1, 2010. The State Tract 126 A No. 1 is currently producing on a gas lift and produces a substantial volume of water. The producing rate was not decreased nor was the well tested as Linc needs to minimize back pressure to produce the well. The State Tract 126 A No. 1 was not tested at various rates as the well is on gas lift it was feared the well's future production rate would be damaged if the well was choked back. The average oil rate for the well during the observation period was 245 to 257 BOPD. The producing gas-oil ratio is low averaging 1,397 scf/bbl during the observation period. The WOR is high averaging approximately 85% during the same period. Linc believes that producing the well at capacity (up to 300 BOPD) will not harm the reservoir as the reservoir is in the middle stage of its production life. Cumulative overproduction is estimated to be 4,981 BO for the well. It is requested that all overage be canceled.

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 State Tract 126 A No. 1 was completed in April 2002 as the State Tract 127 No. 1 as a flowing well with an initial potential of 383 BOPD, 151.9 MCFPD, and 0 BWPD with a GOR of 397.
3. The State Tract 127 No. 1 was reclassified as a gas well in June 2004. The well produced at a rate of 1,278 MCFPD and 8.3 BOPD. The State Tract 127 No. 1 was placed on gas lift in October 2007, where it produced 263 BOPD, 173.7 MCFPD, and 5 BWPD with a GOR of 658 and was reclassified as an oil well.
4. The State Tract 127 No. 1 was renamed as the State Tract 126 A No. 1 after a subdivision of the lease on September 1, 2010.
5. The top allowable for the Atkinson Island (Frio) Field is 228 BOPD.
6. The State Tract 126 A No. 1 initially was a flowing well but currently produces with a gas lift.
 - a. The State Tract 126 A No. 1 was not tested at various rates as the well is on gas lift it was feared the well's future production rate would be damaged if the well was choked back.
 - b. The well is in its mid-stage of its production life and produces a substantial volume of water with a water oil ratio of 85%.

- c. Oil production increased as a result of placing the well on gas lift.
- d. The producing gas-oil ratio is constant and low at a rate averaging 1,397 cubic feet per barrel.
- 7. Producing the State Tract 126 A No. 1 at rates up to 300 BOPD will not cause waste.
- 8. The subject lease is overproduced approximately 4,981 BO.

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 300 BOPD and cancellation of overproduction for the State Tract 126 A No. 1 for the Atkinson Island (Frio) 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 300 BOPD and cancellation of overproduction for the State Tract 126 A No. 1 for the Atkinson Island (Frio) Field.



Andres J. Trevino, P.E.
Technical Examiner

Respectfully submitted,



Michael Crnich
Legal Examiner