

May 12, 2005

**OIL & GAS DOCKET NO. 7C-0242109**

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**APPLICATION OF HENRY PETROLEUM LP TO CONSIDER AN MER FOR THE MEREDITH LEASE WELL NO. 2 IN THE SPRABERRY (TREND AREA) FIELD, UPTON COUNTY, TEXAS**

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

**DATE OF HEARING:** April 27, 2005

**APPEARANCES:**

**REPRESENTING:**

Mickey R. Olmstead, attorney  
Richard Johnston

Henry Petroleum LP

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

This is the unprotested application of Henry Petroleum for Commission consideration for MER authority of 400 BOPD for the Meredith Lease Well No. 2 in the Spraberry (Trend Area) Field. It is also proposed that all accrued production in excess of the assigned allowable for the Norma Lease be canceled effective the date of the Order if this application is approved by the Commission. The examiner recommends approval of the application.

**DISCUSSION OF THE EVIDENCE**

The Spraberry (Trend Area) Field was discovered in 1952 at approximately 6,785' subsurface depth. A fieldwide MER allowable is set at 121 BOPD. The field is a very large multi-operator multi-well field.

The Henry Petroleum, Meredith Lease Well No. 1 was completed January 21, 2005 through perforations from 8,800' to 10,258' subsurface depth. The well potentialized at 38 BOPD, 30 MCFD, 310 BWPD flowing on an 8/64ths choke with a casing pressure of 1100 psig. The gas-oil ratio was 789:1. The Henry Petroleum, Meredith Lease Well No. 2 was completed September 20, 2004 through perforations from 9,164' to 10,126' subsurface depth. The well potentialized at 226 BOPD, 271 MCFD, 100 BWPD flowing on an 10/64ths choke with a casing pressure of 1900 psig. The gas-oil ratio was 1199:1. After fracture stimulation and near wellbore cleansing, production has continued to improve to as high as 486 BOPD, 1018 MCFD, 6 BWPD.

An MER for the Meredith Well No. 2 with a maximum of 400 BOPD will not result in the

waste/loss of hydrocarbon reserves. The subject well was tested over a 30-day period with the following results:

OIL BPD	WATER BPD	GAS MCFD	TBG PSIG	GOR CF/BO	CHOKE 64 ths
324	13	517	575	1595	17
263	10	448	550	1702	16
328	8	540	600	1647	17
415	13	699	650	1684	19
456	7	931	700	2044	21

The test information shows that the well is not relatively GOR or water production sensitive.

It is proposed that all accrued oil production in excess of the assigned allowable 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.
2. There was no protest of the application.
3. The Spraberry (Trend Area) Field was discovered in 1952 at approximately 6,785' subsurface depth.
  - a. A fieldwide MER allowable is set at 121 BOPD.
  - b. The field is a very large multi-operator multi-well field.
4. The Henry Petroleum, Meredith Lease Well No. 2 was completed September 20, 2004 through perforations from 9,164' to 10,126' subsurface depth.
  - a. The well potentialled at 226 BOPD, 271 MCFD, 100 BWPD flowing on an 10/64ths choke with a casing pressure of 1900 psig. The gas-oil ratio was 1199:1.
  - b. After fracture stimulation and near wellbore cleansing, production has continued to improve to as high as 486 BOPD, 1018 MCFD, 6 BWPD.
5. An MER of 400 BOPD will not cause the waste of reservoir energy and will not result in the loss of hydrocarbon reserves.
  - a. The test data indicates that the well is not GOR nor water rate sensitive.
  - b. The subject well was tested over a 30-day period with the following results:

OIL BPD	WATER BPD	GAS MCFD	TBG PSIG	GOR CF/BO	CHOKE 64 ths
324	13	517	575	1595	17
263	10	448	550	1702	16
328	8	540	600	1647	17
415	13	699	650	1684	19
456	7	931	700	2044	21

6. It is proposed that all accrued oil production in excess of the assigned allowable be canceled.
  - a. Canceling the overproduction will not harm correlative rights.

### 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 an MER is a matter properly within the jurisdiction of the Commission to foster conservation and prevent waste.
4. Approval of the proposed application of will foster conservation and will not cause waste.
5. Cancellation of all accrued oil production in excess of the assigned allowable will not harm correlative rights.

### EXAMINER'S RECOMMENDATION

It is recommended that the application of Henry Petroleum for Commission consideration for MER authority of 400 BOPD for the Meredith Lease Well No. 2 in the Spraberry (Trend Area) Field be approved. It is further recommended that all accrued oil production in excess of the assigned allowable for the Meredith Lease (15602) be canceled.

Respectfully submitted,

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