

June 27, 2006

**OIL & GAS DOCKET NO. 7C-0247343**

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**APPLICATION OF STAR PRODUCTION, INC. TO CONSIDER A FIELDWIDE MER FOR THE STAR LIGHT (PALO PINTO) FIELD, TOM GREEN COUNTY, TEXAS**

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

**DATE OF HEARING:** June 22, 2006

**APPEARANCES:**

**REPRESENTING:**

Dale Miller

Star Production, Inc.

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

This is the unprotested application of Star Production, Inc. for Commission consideration for a fieldwide per well MER of 135 BOPD. It is also proposed that any overproduction in excess of the assigned allowable for any lease in the subject field be canceled effective the date of the Order if this application is approved by the Commission.

**DISCUSSION OF THE EVIDENCE**

The Star Light (Palo Pinto) Field was discovered September 14, 2004 by completion of the Star Production, Matschek Unit Well No. 1 through perforations from 2,710' to 2,718' subsurface depth. The field is governed by Statewide Rules with a discovery allowable of 100 BOPD. When the discovery allowable expires, the top allowable for a well in the field will be 78 BOPD. Star Production is the only operator in the field with four wells (two wells are on schedule and two wells have recently be completed and the completion forms have been filed with the Commission). The Star Production, Matschek Well No. 1 potentialled at 17 BOPD, gas TSTM, and 34 BWPD on pump. The original perforations were plugged off and new perforations set from 2,672' to 2,680'. The well was acidized and potentialled at 71 BOPD, 3 MCFD, and no water, flowing. The Star Production, Powell Well No. 1 (completed March 7, 2006) potentialled at 89 BOPD, 3MCFD, and no water, flowing. On the Lee Lease, Well No. 1 was completed May 15, 2006 and potentialled at 83 BOPD, gas TSTM and no water but is a pumping well. Well No. 2 was completed June 12, 2006 and potentialled at 104 BOPD, gas TSTM and no water and is a flowing well. Star believes that reservoir energy is supplied by a strong water influx on this reef structure.

Star has been careful in gradually increasing production on the subject wells diligently monitoring flowing pressures. The proposed fieldwide 135 BOPD per well MER is based on the testing over a 30-day period of the Matschek Well No. 1 and the Powell Well No. 1 with the following results:

Matschek Well No. 1

OIL

WATER

GAS

CHOKE

FTP

BPD	BPD	MCFD	64 ths	PSI
130	0	TSTM	8	167
81	0	TSTM	7	174
68	0	TSTM	6	181

Powell Well No. 1

OIL BPD	WATER BPD	GAS MCFD	CHOKE 64 ths	FTP PSI
76	0	TSTM	12	53
71	0	TSTM	11	58
66	0	TSTM	10	65
57	0	TSTM	9	72

The test data indicates that the wells are not rate sensitive and therefore producing over the discovery allowable (or future top allowable) will not result in the loss of otherwise recoverable reserves.

It is proposed that any overproduction in excess of the assigned allowable for any lease in the field 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 Star Light (Palo Pinto) Field was discovered September 14, 2004 by completion of the Star Production, Matschek Unit Well No. 1 through perforations from 2,710' to 2,718' subsurface depth.
  - a. The field is governed by Statewide Rules with a discovery allowable of 100 BOPD.
  - b. Star Production is the only operator in the field with four wells
4. The Star Production, Matschek Well No. 1 was completed through perforations from 2,672' to 2,680' and potentialled at 71 BOPD, 3 MCFD, and no water, flowing.
  - a. The Matschek Well No. 1 was tested over a 30-day period of with the following results:

OIL BPD	WATER BPD	GAS MCFD	CHOKE 64 ths	FTP PSI
130	0	TSTM	8	167
81	0	TSTM	7	174
68	0	TSTM	6	181

b. The test data indicates that the well is not rate sensitive

5. The Star Production, Powell Well No. 1 89 BOPD, 3MCFD, and no water, flowing

a. The Powell Well No. 1 was tested over a 30-day period of with the following results:

OIL BPD	WATER BPD	GAS MCFD	CHOKE 64 ths	FTP PSI
76	0	TSTM	12	53
71	0	TSTM	11	58
66	0	TSTM	10	65
57	0	TSTM	9	72

b. The test data indicates that the well is not rate sensitive

6. Canceling the overproduction on any over produced lease 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 a fieldwide 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 overproduction in excess of the assigned allowable will not harm correlative rights.

**EXAMINER'S RECOMMENDATION**

It is recommended that the application of Star Production, Inc. for Commission consideration for a fieldwide per well MER of 135 BOPD in the Star Light (Palo Pinto) Field be approved. It is further recommended that all accrued overproduction in excess of the assigned allowable for any well in the field be canceled.

Respectfully submitted,

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