**OIL AND GAS DOCKET NO. 7C-0248916**

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**THE APPLICATION OF HENRY PETROLEUM LP TO ESTABLISH AN MER FOR THE BERDA LEASE WELL NO. 1, MONTE LEASE WELL NO. 1 AND THE ALLISON LEASE WELL NO. 1 IN THE SPRABERRY (TREND AREA) FIELD, UPTON COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on October 20, 2006

| **Appearances:** | **Representing:** |
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| Greg Cloud | Henry Petroleum LP |

## EXAMINER'S REPORT AND RECOMMENDATION

## STATEMENT OF THE CASE

Henry Petroleum LP requests MER allowables of 275 BOPD for its Berda No. 1, 425 BOPD for its Monte No. 1, and 184 BOPD for its Allison No. 1 in the Spraberry (Trend Area) Field. Henry also requests that all overage for the three leases be cancelled.

The application is unprotested and the examiner recommends approval of the requested MERs and cancellation of overproduction for all three leases.

## DISCUSSION OF EVIDENCE

The Spraberry (Trend Area) Field was discovered in 1952 and production is from the Upper Spraberry, Lower Spraberry, Dean and Wolfcamp formations. The top allowable in the field is 121 BOPD for a well with 80 acres, with an allowable gas-oil ratio of 4,000 cubic feet per barrel.

Under the density and allocation rules for the Spraberry (Trend Area) Field, the top allowable for the Berda No. 1 would be 168 BOPD, based on an assignment of 121 acres to the well. The Berda No. 1 was completed in June 2006 with an initial potential of 126 BOPD, 90 MCFD and 366 BWPD. This well was initially flowing, but was soon equipped with a pump. The well produces up the casing/tubing annulus. Henry varied rates on this well by adjusting the runtime of the pump and increasing the casing choke from 10/64" to 20/64". Producing rates varied from 248 BOPD and 210 MCFD at 75% runtime to 272 BOPD and 218 MCFD at 100% runtime. The producing gas-oil ratio was very constant at 800-850 cubic feet per barrel, regardless of choke or runtime. Henry requests an MER of 275 BOPD for this well.

The Monte No. 1 was completed in June 2006 with an initial potential of 114 BOPD, 146 MCFD and 385 BWPD. Similar to the Berda No. 1, this well was initially flowing but was soon equipped with a pump. Henry varied the rate on this well similar to the Berda No. 1. For this well, the rate varied from 204 BOPD and 173 MCFD to 425 BOPD and 577 MCFD. The producing gas-oil ratio varied between 1,323 and 1,558 cubic feet per barrel. Henry requests an MER of 425 BOPD for this well. The top allowable for this well is currently 122 BOPD based on 81 acres assigned.

The Allison No.1 was completed in August 2006 with an initial potential of 64 BOPD, 69 MCFD and 567 BWPD. The top allowable for this well is 121 BOPD based on 80 acres assigned. This well continues to flow and was tested at various rates to determine rate sensitivity. Test rates ranged from 98 BOPD and 122 MCFD to 266 BOPD and 312 MCFD. At the lowest rate, the producing gas-oil ratio was erratic, ranging from 588 cubic feet per barrel to 4,700 cubic feet per barrel. When produced through a 24/64" choke, the gas-oil ratio was also somewhat erratic, varying between 839 and 1,610 cubic feet per barrel. When produced through a 28/64" choke, the gas-oil ratio was more stable at 1,300-1,500 cubic feet per barrel. The gas-oil ratio was the lowest, 847 cubic feet per barrel, at an average rate of 167 BOPD flowing through a 19/64" choke. Henry requests an MER of 184 BOPD for this well, which was the highest rate during testing through the 19/64" choke.

## 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 Spraberry (Trend Area) Field was discovered in 1952 the top allowable in the field is 121 BOPD for a well with 80 acres, with an allowable gas-oil ratio of 4,000 cubic feet per barrel.

3. For the Berda No. 1, the top allowable is 168 BOPD, based on an assignment of 121 acres to the well.

4. The Berda No. 1 is equipped with a pump. When the runtime on the pump was changed to vary the producing rate, the producing gas-oil ratio was very constant at 800-850 cubic feet per barrel, demonstrating that the well is not rate sensitive.

5. The top allowable for the Monte No. 1 is 122 BOPD based on 81 acres assigned.

6. The Monte No. 1 is also equipped with a pump. Henry varied the rate on this well similar from 204 BOPD to 425 BOPD and the gas-oil ratio was constant, demonstrating that this well is not rate sensitive.

7. The top allowable for the Allison No. 1 is 121 BOPD based on 80 acres

assigned.

8. The Allison No.1 is a flowing well and produced most efficiently through a 19/64" choke. The highest rate of production at this choke setting was 184 BOPD.

9. Cancellation of overproduction for the subject three leases 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 275 BOPD for the Berda No. 1, 425 BOPD for the Monte No. 1, and 182 BOPD for its Allison No. 1 in the Spraberry (Trend Area) Field and cancellation of overproduction for the three leases will prevent 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 275 BOPD for the Berda No. 1, 425 BOPD for the Monte No. 1, and 182 BOPD for its Allison No. 1 in the Spraberry (Trend Area) Field. It is also recommended that all overproduction for the three leases be cancelled.

Respectfully submitted,

Donna K. Chandler
Technical Examiner