

July 26, 2002

OIL AND GAS DOCKET NO. 8A-0231576

THE APPLICATION OF GREAT WESTERN DRILLING COMPANY FOR AN MER FOR ITS BRIT CLARE LEASE WELL NO. 17, PRENTICE (CLEAR FORK, LOWER) FIELD, TERRY COUNTY, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: May 31, 2002

Hearing held: July 19, 2002

Appearances

Sam Robertson

Representing

Great Western Drilling Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Burlington Resources O & G Co-Permian is seeking an MER to allow its Brit Clare Lease Well No. 17 in the Prentice (Clear Fork, Lower) Field to produce up to 240 BO per day and cancellation of overproduction for Well No. 17.

DISCUSSION OF THE EVIDENCE

The Prentice (Clear Fork, Lower) Field was discovered in 1955, and there are now six operators with about 20 wells. The field was developed, largely during the 1950's and 1960's, along and just off the eastern shelf edge of the Central Basin Platform. Prior to the development of the Brit Clare Lease by Great Western, the most recent well was drilled in 1985. This well was just to the north of the Brit Clare Lease and is still active after producing 140,000 BO. The Brit Clare Lease is further down the slope of the Central Basin Platform than most of the earlier wells.

Well No. 17 was perforated from 7438' to 8274' and tested at a rate of 239 BOPD and 22 MCF/D, with 3 BWPD during May, 2002. Well No. 16 on the Brit Clare Lease received an MER allowable of 200 BOPD on June 4th, 2002. At the time of the hearing on Well No. 16, Well No. 17 was waiting to have electricity installed for its pump. The lease has produced 18,421 barrels of oil through May, 2002, all of it attributable to Well No. 16. Average daily oil production for June, from Well Nos. 16, 17 and 18 on the Brit Clare Lease, was 365 barrels.

The Prentice (Clear Fork, Lower) Field has a spacing rule which requires wells to be 440' from lease lines and 933' between wells. Statewide Rule 38 applies a density of 20 acres to fields with this well spacing. The top allowable for a well at this depth on 20 acres is 68 barrels of oil and 136 MCF per day.

Even though Well No. 17 has a rod pump, it was rate tested between May 26 and June 29 2002.

On a 6/64th inch choke, the average daily production 64 BO, 7 MCF and no water. The average production on a 12/64th inch choke was 108 BO and 15 MCF. The average production while being pumped was 234 BO, 25 MCF and 2 BW per day.

This is a highly undersaturated reservoir with no gas cap or aquifer. The step rate test shows no increase in gas/oil ratio or water cut at higher rates. The wells on the other leases in the field are over 15 years old, and correlative rights will not be damaged if the overproduction of Well No. 17 is canceled.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice on July 2, 2002.
2. The Prentice (Clear Fork, Lower) Field was discovered in 1955, but there was little new development until the Brit Clare Lease was drilled in 2001 and 2002.
3. The applicant completed the Brit Clare Lease Well No. 17 in May 2002, and perforated it from 7438' to 8274'.
4. The initial potential of Well No. 17 was 239 BOPD and 70 MCF/D, with 271 BWPD,
5. The allowable for wells at this depth, on this spacing, is 68 BOPD with 136 MCF of gas per day.
6. Test results on the Brit Clare Lease Well No. 17 show that the well's water cut does not increase when produced at higher rates.
7. The producing oil is highly undersaturated and none of the rates tested in Well No. 17 cause the gas/oil ratio to rise above 200 cubic feet per barrel.
8. All of the field wells on other leases were drilled in 1985 or earlier and requiring Well No. 17 to make up any overproduction is not necessary to protect correlative rights.

CONCLUSIONS OF LAW

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. The requested increase in oil allowable for the Brit Clare Lease Well No. 17 in the Prentice (Clear Fork, Lower) Field will prevent waste and will protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the Great Western Drilling Company Brit Clare Lease Well No. 17 in the Prentice (Clear Fork, Lower) Field be allowed to produce up to 240 barrels of oil per day. All overproduction for the Great Western Drilling

Company Brit Clare Lease Well No. 17 should be canceled.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner

Date of Commission Action: August 13th, 2002