

OIL AND GAS DOCKET NO. 09-0256073

THE APPLICATION OF HEAPE EXPLORATION, INC. TO ESTABLISH AN MER FOR THE HAZELWOOD LEASE WELL NO. 2 IN THE GORDONVILLE, S. (PENN.) FIELD, GRAYSON COUNTY, TEXAS

Heard by: Richard D. Atkins, P.E. - Technical Examiner

Hearing Date: April 28, 2008

Appearances:

Rick Johnston

Representing:

Heape Exploration, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Heape Exploration, Inc. requests an MER of 375 BOPD for its Hazelwood Lease Well No. 2 in the Gordonville, S. (Penn.) Field. Heape also requests that all accumulated overproduction be cancelled for this lease.

The application is unopposed and the examiner recommends approval of the requested MER and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Hazelwood Lease Well No. 2 was completed in the Gordonville, S. (Penn.) Field in May 2003 with an initial potential of 446 BOPD, 219 MCFGPD and 0 BWPD. The top allowable in the field is 287 BOPD, with an allowable gas-oil ratio of 2,000 cubic feet per barrel. Prior to December 2007, the well had never overproduced its allowable.

Heape operates 2 wells in the field and L. E. Jones Operating, Inc. operates one well which only produces 5 BOPD. Cumulative field production is 588 MBO and 487 MMCFG. Of that total, the Hazelwood Lease has produced 580 MBO and 486 MMCFG.

The Hazelwood Lease Well No. 2 was tested at various rates during March and April to determine rate sensitivity. The choke was adjusted incrementally from 18/64" to 20/64" and the producing rate varied between 289 BOPD and 350 BOPD, on average, with a top rate of 352 BOPD. The gas-oil ratio was very constant, ranging only from 1,818 cubic feet

per barrel to 1,794 cubic feet per barrel.

Heape requests an MER of 375 BOPD for the Hazelwood Lease Well No. 2 and cancellation of any Hazelwood lease overproduction that may exist.

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 Hazelwood Lease Well No. 2 was completed in the Gordonville, S. (Penn.) Field in May 2003.
3. The well currently produces on a 20/64" choke at a rate of approximately 350 BOPD, 628 MCFGPD and 0 BWPD. The top allowable in the field is 287 BOPD, with an allowable gas-oil ratio of 2,000 cubic feet per barrel.
4. The Hazelwood Lease Well No. 2 is a flowing well and is not rate sensitive. When the rate was varied between 289 BOPD and 350 BOPD, the gas-oil ratio was very constant, ranging only from 1,818 cubic feet per barrel to 1,794 cubic feet per barrel.
5. Producing the Hazelwood Lease Well No. 2 at rates up to 375 BOPD will not cause waste.

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 375 BOPD for the Hazelwood Lease Well No. 2 and cancellation of lease overproduction in the Gordonville, S. (Penn.) Field will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends approval of an MER of 375 BOPD for the Hazelwood Lease Well No. 2 and cancellation of overproduction for the Hazelwood Lease in the Gordonville, S. (Penn.) Field.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner