OIL AND GAS DOCKET NO. 10-0250628

THE APPLICATION OF LATIGO PETROLEUM TEXAS, LP TO ESTABLISH AN MER AND INCREASED NET GAS-OIL RATIO AUTHORITY FOR THE COURSON RANCH 148 WELL NO. 5 IN THE ALPAR-LIPS (ST. LOUIS) FIELD, OCHILTREE COUNTY, TEXAS

Heard by: Donna K. Chandler on January 31, 2008

Appearances:	**Representing:**
Mickey Olmstead Paul Tough Bob Tierney Gregg Hollabaugh	Latigo Petroleum Texas, LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Latigo Petroleum Texas, LP requests an MER of 1,500 BOPD and increased net gas-oil ratio authority with a casinghead gas limit of 4,500 MCFD for its Courson Ranch 148 Well No. 5 in the Alpar-Lips (St. Louis) Field. Latigo also requests that all accumulated overproduction be cancelled for this lease.

The application is unprotested and the examiner recommends approval of the requested MER, net gas-oil ratio and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Courson Ranch 148 No. 5 was initially completed in the Alpar Lips (St. Louis) Field in November 2004 with perforations between 8,958 and 8,982 feet. Production was marginal and a cast iron bridge plug was set at 8,950. The well was perforated from 8,904 and 8,926 feet. On initial test from these perforations, the well produced at a rate of 65 BOPD, 74 MCFD and 24 BWPD on rod pump, in May 2005. In 2006, the bridge plug was removed and the well was equipped with a submersible pump and production increased significantly. In October 2006, a higher capacity pump was installed and production continued to increase to rates in excess of 1,000 BOPD and 4,000 MCFD.

The top allowable in the field is 500 BOPD (MER) and 1,250 MCFD. There are 12 producing oil wells in the field and 7 associated gas wells. The gas field is AOF.

During December 2007, Latigo attempted to produce the well at its current allowable rate of 500 BOPD. The well will flow if produced at high rates. However, when the rate was reduced, there was insufficient gas production to operate the surface equipment and the pump would turn off. It was necessary to have the pumper turn on the pump every other hour. Latigo increased the rate back to about 1,300 BOPD and it took about 2 weeks for the gas production to increase to a sufficient volume for the well to flow on its own. The well currently produces 1,100-1,200 BOPD, 4,200-4,300 MCFD and about 1,200 BWPD.

Cumulative production from the well is approximately 450,000 BO and 1,068 MMCF of gas. Remaining reserves for the well are estimated to be 209,000 BO and 523 MMCF of gas.

The subject lease is currently severed and is overproduced approximately 175,000 BO and 1 BCF of gas. Overproduction letters from the Commission were apparently sent to the Tulsa, OK office of Latigo. Latigo had been purchased by Pogo Producing in 2006 and Pogo was purchased by Plains Exploration in the fall of 2007. Latigo continues to be the operating entity for the well. However, the Tulsa office to which Commission correspondence was sent has not been staffed for some time. Latigo is filing Form P-5 to correct the address.

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 Courson Ranch 148 No. 5 was initially completed in the subject field in November 2004, with a recompletion within the field in May 2005.

3. The top allowable in the field is 500 BOPD and 1,250 MCFD.

4. The well has been equipped with a submersible pump since 2006 and is capable of producing in excess of 1,100-1,200 BOPD, 4,200-4,300 MCFD and about 1,200 BWPD.

5. At restricted rates, there is insufficient gas production to operate the surface equipment and the pump turns off. With increased rates, gas production returns to rates sufficient to run the surface equipment and the well will flow.

6. Cumulative production from the well is approximately 450,000 BO and 1,068 MMCF of gas. Remaining reserves for the well are estimated to be 209,000 BO and 523 MMCF of gas.

7. The subject lease is currently overproduced approximately 175,000 BO and 1 BCF of gas.

8. Producing the Courson Ranch 148 No. 5 at rates up to 1,500 BOPD and 4,500 MCFD 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 1,500 BOPD, increased net gas-oil ratio authority with a casinghead gas limit of 4,500 MCFD and cancellation of overproduction for the Courson Ranch 145 lease in the Alpar-Lips (St. Louis) Field will not cause 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 1,500, increased net gas-oil ratio authority with a casinghead gas limit of 4,500 MCFD and cancellation of overproduction for the Courson Ranch 145 lease in the Alpar-Lips (St. Louis) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner