

**THE APPLICATION OF FORTAY, INC. TO CONSIDER AN MER ALLOWABLE FOR EACH WELL IN THE HARTLEY, SE (GRANITE WASH 6669) FIELD, HARTLEY COUNTY, TEXAS**

---

**HEARD BY:** Richard D. Atkins, P.E. - Technical Examiner

**HEARING DATE:** December 15, 2010

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Glenn George

Fortay, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Fortay, Inc. ("Fortay") requests approval of an MER allowable of 400 BOPD for each well in the Hartley, SE (Granite Wash 6669) Field. Fortay also requests that all overproduction in the field be canceled.

The application is unopposed and the examiner recommends approval of the requested field MER allowable and cancellation of all overproduction in the field.

**DISCUSSION OF EVIDENCE**

The Hartley, SE (Granite Wash 6669) Field was discovered in July 2010 upon completion of the Dreams of Oil Lease, Well No. 1012, by Fortay Inc. On initial test, the well pumped at a rate of 435 BOPD and no gas or water was produced. There is currently one producing oil well carried on the proration schedule. Fortay is the only operator in the field and is currently drilling a second well. The discovery allowable in the field is 200 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel. When the discovery allowable expires, the top yardstick allowable will be 184 BOPD. To date, no production from the field has been reported to the Commission.

The Hartley, SE (Granite Wash 6669) Field produces from a Missourian Granite Wash sand. The field is a seismic target found between two sealing faults. The producing well is contained in a single fault block that has no gas-oil or water-oil contact. The primary

drive mechanisms are solution gas and water drive.

The Dreams of Oil Lease, Well No. 1012, is a pumping well with a 25% water cut. Fortay tested the well during November and December 2010 by varying the strokes per minute on the pumping unit. The fluid level remained constant at approximately 2,300 feet. Since the reservoir has a strong water drive, Fortay believes that oil will be swept past the producing well if the production rate is curtailed. Fortay stated that producing the wells at rates in excess of 200 BOPD is necessary to recover the remaining reserves available to each well.

Based on the testing results, Fortay requests an MER allowable of 400 BOPD for each well in the field. Due to testing at rates in excess of the current allowable, the producing well is overproduced. Fortay also requests that all overproduction in the Hartley, SE (Granite Wash 6669) Field be canceled.

#### **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 Hartley, SE (Granite Wash 6669) Field was discovered in July 2010 upon completion of the Dreams of Oil Lease, Well No. 1012, by Fortay Inc.
3. There is currently one producing oil well carried on the proration schedule. Fortay is the only operator in the field and is currently drilling a second well.
4. The discovery allowable in the field is 200 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel. When the discovery allowable expires, the top yardstick allowable will be 184 BOPD.
5. The Hartley, SE (Granite Wash 6669) Field produces from a Missourian Granite Wash sand. The field is a seismic target found between two sealing faults that has no gas-oil or water-oil contact. The primary drive mechanisms are solution gas and water drive.
6. An MER allowable of 400 BOPD for each well in the field is appropriate for the Hartley, SE (Granite Wash 6669) Field.
  - a. The Dreams of Oil Lease, Well No. 1012, is a pumping well with a 25% water cut.
  - b. Fortay tested the well during November and December 2010 by varying the strokes per minute on the pumping unit. The fluid level

remained constant at approximately 2,300 feet.

- c. Since the reservoir has a strong water drive, oil will be swept past the producing well if the production rate is curtailed.
  - d. Producing each well in the field at rates in excess of the discovery allowable of 200 BOPD is necessary to recover the remaining reserves available to each well.
7. Due to testing at rates in excess of the current allowable, the producing well is overproduced.

### **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 allowable of 400 BOPD for each well in the Hartley, SE (Granite Wash 6669) Field and cancellation of all overproduction in the field will prevent 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 allowable of 400 BOPD for each well in the Hartley, SE (Granite Wash 6669) Field and cancellation of all overproduction in the field, as requested by Fortay, Inc.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner