



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0301336

THE APPLICATION OF FDL OPERATING, LLC FOR A NET GOR AND CANCELLATION OF OVERPRODUCTION, RAFE LEASE (46703), STA (ATOKA) FIELD, CRANE COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Dana Lewis – Administrative Law Judge

HEARING DATE: December 20, 2016
CONFERENCE DATE: February 14, 2017

APPEARANCES: REPRESENTING:

APPLICANT: FDL Operating, LLC

John Soule
Robert Rogers

EXAMINERS' REPORT AND RECOMMENDATION

PRELIMINARY MATTER

This is the application of FDL Operating, LLC ("FDL") for a net GOR and cancellation of overproduction for the Rafe Lease (46703), STA (Atoka) Field, Crane County, Texas. The application was originally filed by Devon Energy Production Co. L.P. ("Devon"), on August 2, 2016. At the time the application was filed, Devon was the operator of the Rafe Lease. Devon has since sold the Rafe Lease to FDL, and FDL requests to substitute as the applicant and requests that the final order be issued reflecting that FDL is the operator of the Rafe Lease. A copy of the P-4 transfer and most recent proration schedule shows FDL to be the operator of the Rafe Lease.

STATEMENT OF THE CASE

FDL requests authority to produce the Rafe Lease, Well Nos. 5, 9, and 10 under increased net gas-oil ratio authority and the cancellation of all overproduction. The

application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively "Examiners") recommend approval of the application.

DISCUSSION OF THE EVIDENCE

The Rafe Lease, Well Nos. 5, 9, and 10 are completed in the STA (Atoka) Field. The top allowable for oil wells in the STA (Atoka) Field is 212 BOPD with a corresponding top casinghead gas allowable of 424 Mcf per day. Initial potential tests for the Rafe Lease, Well Nos. 5, 9, and 10 indicated API oil gravities between 42 and 43, and gas:oil ratios (GORs) ranging from 6,000:1 to 15,044:1. Since initial production, oil rates have declined for all three wells while the GORs have increased. All three wells are currently on plunger lift. FDL's engineer testified that plunger lift is being used due to the high GORs. On plunger lift it is very difficult to vary the production rates. Rate tests were attempted on the wells. These attempted rates adjustments showed the GOR increased with a reduction in daily oil production rates. Robert Rogers, FDL's operations engineer, testified that producing the wells on plunger lift and producing the wells at the current rates will not impact the ultimate recovery of oil.

FDL is requesting a net gas limit of 900 Mcf per day for the Rafe Lease, Well No. 9, and a net gas limit of 525 Mcf per day for the Rafe Lease, Well No. 10. FDL is no longer seeking an increased net GOR for the Rafe Lease, Well No. 5, only the cancellation of over-production for this well. FDL also requests the cancellation of all overproduction for Well Nos. 9 and 10.

FINDINGS OF FACT

1. FDL requests a net GOR and cancellation of overproduction for the Rafe Lease (46703), STA (Atoka) Field, Crane County, Texas.
 - a. The application was originally filed by Devon Energy Production Co. L.P.
 - b. At the time the application was filed on August 2, 2016, Devon was the operator of the Rafe Lease.
 - c. Devon sold the Rafe Lease to FDL.
 - d. A copy of the P-4 transfer and most recent proration schedule shows FDL to be the operator of the Rafe Lease.
2. Notice of this hearing was provided to Devon, as well as all operators in the field, at least ten (10) days prior to the date of the hearing, and no protests were received.

3. The Rafe Lease, Well Nos. 5, 9, and 10 are completed in the STA (Atoka) Field.
4. The top allowable for oil wells in the STA (Atoka) Field is 212 BOPD, with a corresponding top casinghead gas allowable of 424 Mcf per day.
5. Initial potential tests for the Rafe Lease, Well Nos. 5, 9, and 10 indicated API oil gravities between 42 and 43, and gas:oil ratios (GORs) ranging from 6,000:1 to 15,044:1.
6. Since initial production, oil rates have declined for all three wells while the GORs have increased.
7. All three wells are currently on plunger lift due to the high GORs of the subject wells.
8. Attempted rates adjustments showed the GOR increased with a reduction in daily oil production rates.
9. Producing the wells on plunger lift at the current rates will not impact the ultimate recovery of oil.
10. FDL is requesting a net gas limit of 900 Mcf per day for the Rafe Lease, Well No. 9.
11. FDL is requesting a net gas limit of 525 Mcf per day for the Rafe Lease, Well No. 10.
12. FDL no longer seeks an increased net GOR for the Rafe Lease, Well No. 5.
13. FDL is requesting the cancellation of over-production for the Rafe Lease, Well Nos. 5, 9 and 10.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.

3. Approval of the increased net gas-oil ratio authority with gas limits of 900 Mcf per day for for the Rafe Lease, Well No. 9 and 525 Mcf per day for the Rafe Lease, Well No. 10, and cancellation of all overproduction for the Rafe Lease, Well Nos. 5, 9 and 10 in the STA (Atoka) Field, Crane County, Texas will prevent waste.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Rafe Lease, Well No. 9, be authorized to produce under net gas-oil ratio authority with a casinghead gas limit of 900 Mcf per day and the Rafe Lease, Well No. 10 be authorized to produce under net gas-oil ratio authority with a casinghead gas limit of 525 Mcf per day. The Examiners also recommend that all accumulated gas production for the Rafe Lease, Well Nos. 5, 9, and 10 in the STA (Atoka) Field, Crane County, Texas be cancelled.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Dana Lewis
Administrative Law Judge