



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 10-0302455

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**THE APPLICATION OF SEEK ENERGY, LLC TO CONSIDER A MAXIMUM EFFICIENT RATE ALLOWABLE AND TO CANCEL OVERPRODUCTION FOR THE SPEARMAN 23 LEASE, WELL NO. 6 HOOVER, NE (GRANITE WASH) FIELD, GRAY COUNTY, TEXAS**

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**HEARD BY:** Paul Dubois – Technical Examiner  
Clayton Hoover – Administrative Law Judge

**HEARING DATE:** January 11, 2017

**CONFERENCE DATE:** February 28, 2017

**APPEARANCES:**

Steve Towns  
Nguyen Bao Ngoc

Seek Energy, LLC

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Seek Energy, LLC ("Seek") seeks a maximum efficient rate allowable ("MER") of 350 barrels of oil per day for its Spearman 23 Lease (No. 09396), Well No. 6 (API No. 42-179-32447), in the Hoover, NE (Granite Wash) Field (ID 42512 300), Gray County, Texas. Seek provided evidence demonstrating that the well could be efficiently operated at the requested MER. Seek also requests that accrued overproduction be cancelled. The application is not protested. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend Seek's application be granted.

#### DISCUSSION OF THE EVIDENCE

The Spearman 23 Lease Well No. 6 is located about eight miles northeast of Pampa, Texas. Well No. 6 was spudded on January 5, 2003, by Newfield Exploration. The well was drilled to a total depth of 9,190 feet. Initially, Well No. 6 was dually-completed as a gas well producing from the Ellenburger Formation (Well No. 6T in the depth interval from 8,954 feet to 8,960 feet) and the Granite Wash Formation (Well No. 6C in the depth interval from 8,798 feet

to 8,836 feet). In November 2003, the two producing zones in the well were commingled under gas lease No. 197528, and the well was assigned to the Hoover, NE (Granite Wash) Field. Production from the well ceased in January 2010, after about 2.33 billion cubic feet of gas had been produced.

In September 2014, KOG Energy LLC re-entered the well, isolated the original perforations, and tested shallower intervals of the Granite Wash. The upper Granite Wash Formation in the depth intervals from 5,511 feet to 5,526 feet was found to be productive based on a test that produced 64 barrels of oil and 470 thousand cubic feet ("mcf") of gas flowing at tubing pressure of 1,100 pounds per square inch ("psi") on a 16/64<sup>th</sup> choke. Well No. 6 was subsequently reclassified as an oil well (Lease No. 09396). Over time oil production has increased, with daily production stabilizing after April 2015 at about 300 to 350 barrels of oil per day. The cumulative production following reclassification through December 31, 2016, was 206,543 barrels of oil and 145,796 mcf of gas.

There are two active oil wells in the Hoover, N. (Granite Wash) Field (RRC Oil Field #) carried on the January 1, 2017 oil proration schedule—the Spearman 23 Well Nos. 5 and 6. The 1965 yardstick allowable is 142 barrels of oil per day for a field, causing the lease to be overproduced.

Since April 2015, the production characteristics of Well No. 6 have stabilized: the daily oil production is between 300 and 350 barrels, the gas to oil ratio is about 450 standard cubic feet of gas per barrel of oil, and the tubing pressure is about 280 to 300 psi. Production information from December 2016 indicates that altering the choke had no affect on tubing pressure or gas to oil ratio. Further, Seek asserts that the well is capable of efficiently producing up to 730 barrels of oil per day. Seek requests an MER allowable of 350 barrels of oil per day and cancellation of the accrued overproduction.

### **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 the hearing.
2. The Spearman 23 Lease Well No. 6 was spudded on January 5, 2003, and drilled to a total depth of 9,190 feet. The well was dually-completed as a gas well producing from the Ellenburger and Granite Wash Formations.
3. In September 2014 the well was recompleted in the upper Granite Wash Formation.
  - a. On initial potential testing the recompleted well produced 64 barrels of oil and 470 mcf of gas flowing at tubing pressure of 1,100 psi on a 16/64<sup>th</sup> choke.
  - b. Since April 2015, the production characteristics of Well No. 6 have stabilized:
    - i. The daily oil production is between 300 and 350 barrels;

- ii. The gas to oil ratio is about 450 standard cubic feet of gas per barrel of oil;  
and
  - iii. The tubing pressure is about 280 to 300 psi.
- c. Production information from December 2016 indicates that altering the choke had no affect on tubing pressure or gas to oil ratio.
4. The Spearman 23 Well No. 6 can produce efficiently at a maximum efficient rate allowable of 350 barrels of oil per day.

**CONCLUSIONS OF LAW**

- 1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051.
- 2. All notice requirements have been satisfied. 16 Tex. Admin. Code §§ 1.43 and 1.45.
- 3. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on February 28, 2017.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the application of Seek Energy, LLC for an MER allowable of 350 barrels of oil per day for its Spearman 23 Lease Well No. 6 in the Hoover, NE (Granite Wash) Field in Gray County, Texas. In addition, the Examiners recommend that overproduction be cancelled.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Clayton Hoover  
Administrative Law Judge