



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 02-0305323

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**THE APPLICATION OF WELDER EXPLORATION & PROD., INC. FOR AN MER ALLOWABLE AND TO CANCEL OVERPRODUCTION FOR THE PARKER HEIRS LEASE (NO. 09581), WELL NO. 1, DINERO, WEST (HOCKLEY) FIELD, LIVE OAK COUNTY, TEXAS**

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**HEARD BY:** Paul Dubois – Technical Examiner  
Jennifer N. Cook – Administrative Law Judge

**HEARING DATE:** August 18, 2017

**CONFERENCE DATE:** September 19 , 2017

**APPEARANCES:**

**APPLICANT:**

John Soule  
Ray Welder

**REPRESENTING:**

Welder Exploration & Prod., Inc.

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Welder Exploration & Prod., Inc. ("Welder") requests the Commission assign a maximum efficient rate ("MER") allowable of 140 barrels of oil per day for its Parker Heirs Lease (No. 09581) Well No. 1 (API No. 42-297-34953), in the Dinero, West (Hockley) Field, Live Oak County, Texas. The current maximum allowable in the field is 93 barrels of oil per day. Welder provided evidence obtained during a variable rate flow test demonstrating that the subject well could efficiently produce at a higher allowable of 140 barrels of oil per day and with a gas-oil ratio of 2,000 standard cubic feet of gas ("scf") per barrel of oil. The application was not protested. The technical examiner and administrative law judge ("Examiners") recommend the application be granted.

#### 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 Parker Heirs Lease (No. 09581) Well No. 1 (API No. 42-297-34953) was completed to a total depth of 4,756 feet by Choice Exploration, Inc. on December 2, 2010.
3. On initial potential testing the Parker Heirs Lease Well No. 1 flowed 100 barrels of oil per day and 85 thousand cubic feet ("mcf") gas.
4. Welder acquired the Parker Heirs Lease Well No. 1 in December 2012.
5. The well was retested on February 1, 2013, at which time it produced 140 barrels of oil and 80 mcf gas.
6. Average production through May 2016 was about 70 barrels of oil per day.
7. In June 2016, Welder increased the surface choke from 10/64ths to 12/64ths and production increased to more than 100 barrels of oil per day.
8. Through July 2017 the Parker Heirs Lease Well No. 1 has accrued an overproduction of about 1,030 barrels of oil.
9. In June and July 2017, a variable rate flow test on the Parker Heirs Lease Well No. 1 indicated the well can produce more efficiently at a 140 barrel allowable than at the existing top allowable of 93 barrels of oil per day. At a higher choke, the well produced at a higher oil rate, with a higher flowing tubing pressure, and a lower gas-oil ratio.
10. Welder asserts a 140 barrel MER will prevent waste and protect correlative rights.
11. There are five operators and six active producing wells in the Dinero, West (Hockley) Field.
12. All operators in the field were given notice of Welder's request for an MER, and no protests were filed.
13. At the hearing, the applicant agreed on the record that a Final Order in this case is to be effective when the Master Order is signed.

#### **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. Approval of the application will prevent waste and protect correlative rights.
4. 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 September 19, 2017.

**EXAMINERS' RECOMMENDATION**

The Examiners recommend approval of the application of Welder Exploration & Prod., Inc. for an MER allowable of 140 barrels of oil per day for its Parker Heirs Lease Well No. 1, in the Dinero, West (Hockley) Field, Live Oak County, Texas.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Jennifer N. Cook  
Administrative Law Judge