



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 10-0307225

THE APPLICATION OF LATIGO PETROLEUM, LLC TO CONSIDER AN INCREASED NET GAS-OIL RATIO WITH A DAILY CASINGHEAD GAS LIMIT FOR THE COURSON RANCH 149 (07657) LEASE, WELL NO. 9, ALPAR-LIPS (ST LOUIS) FIELD, OCHILTREE COUNTY, TEXAS

HEARD BY: Paul Dubois, P.E. – Technical Examiner
Ryan M. Lammert – Administrative Law Judge

HEARING DATE: December 19, 2017

CONFERENCE DATE: February 13, 2018

APPEARANCES:

APPLICANT:

Steve Towns
Nick Ngoc, P.E.

REPRESENTING:

Latigo Petroleum Texas, LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Latigo Petroleum, LLC ("Latigo") seeks an increased net gas-oil ratio ("GOR") with a daily casinghead gas limit for its Courson Ranch 149 Lease (No. 07657), Well No. 9, in the Alpar-Lips (St Louis) Field, Ochiltree County, Texas. Latigo requests authority to produce Well No. 9 at a daily gas limit of 2,500 thousand cubic feet ("mcf") per day. A daily casinghead gas limit of 2,500 mcf per day will prevent waste and protect correlative rights. Latigo originally requested to cancel overproduction. However, Latigo has withdrawn its request to cancel overproduction because no significant overproduction has occurred. The application was not protested. The administrative law judge and technical examiner ("Examiners") recommend Latigo's 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. Latigo is the operator of the Courson Ranch 149 Lease (No. 07657), Well No. 9 (API No. 42-357-32719), in the Alpar-Lips (St Louis) Field, Ochiltree County, Texas.
3. Well No. 9 was drilled in 2008 and completed in the St. Louis Formation between 9,060 feet and 9560 feet.
 - a. The well was completed with acid and fracture stimulation treatments.
 - b. Initial potential testing on August 20, 2008, indicated 226.2 barrels of oil, 333 mcf casinghead gas, 80 barrels of water, and a flowing tubing pressure of 800 pounds per square inch.
 - c. The well produces by a water-drive mechanism.
4. The well is assigned to the Alpar-Lips (St Louis) Field.
 - a. The Alpar-Lips (St Louis) Field currently operates under a September 25, 2005, Final Order authorizing a field-wide maximum efficient rate allowable of 500 barrels of oil per day and an increased net gas-oil ratio with a daily casinghead gas limit of 1,250 mcf per day.
5. The well currently produces on an electric submersible pump.
 - a. An electrical submersible pump is necessary to move large water volumes to achieve efficient and stable production rates.
 - b. At high water volume rates, the well produces significant gas.
 - c. Increased gas production causes operational problems with the electric submersible pump.
 - d. In May 2017 multiple pump stages were replaced, a gas handling pump stage was added, and an additional downhole gas separator was added.
6. Latigo performed a step-rate test on the well.
 - a. In the first test stage, the well produced 118 barrels of oil and 1,303 mcf casinghead gas.
 - b. In the second test stage, the well produced 300 barrels of oil and 2,500 mcf casinghead gas.

- c. At the higher production rate compared to the lower production rate, the casinghead gas production increased by a factor of 2 and the oil production increased by a factor of 2.5.
 - d. The well produces oil efficiently at a daily casinghead gas limit of 2,500 mcf per day.
7. 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 §§1.42 and 1.45.
- 3. A daily casinghead gas limit of 2,500 mcf per day 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 February 13, 2018.

EXAMINERS' RECOMMENDATION

The Examiners recommend the application of Latigo Petroleum, LLC for a daily casinghead gas limit of 2,500 mcf per day for the Courson Ranch 149 (07657) Lease, Well No. 9, Alpar-Lips (St Louis) Field, Ochiltree County, Texas, be granted.

Respectfully submitted,



Paul Dubois, P.E.
Technical Examiner



Ryan M. Lammert
Administrative Law Judge