



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0304005

THE APPLICATION OF ELAND ENERGY, INC TO AMEND THE FIELD RULES
FOR THE WICKETT (PENN.) FIELD, WARD COUNTY, TEXAS

HEARD BY: Peggy Laird, P.G. – Technical Examiner
Clayton J. Hoover – Administrative Law Judge

HEARING DATE: June 15, 2017

CONFERENCE DATE: September 19, 2017

APPEARANCES:

REPRESENTING:

APPLICANT:

Eland Energy, Inc.

Don Rhodes
Mike Campbell
Daniel Hunter

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Eland Energy, Inc. ("Eland") requests to amend the field rules and seeks a field-wide maximum efficient rate (MER) allowable of 250 barrels of oil per day ("BOPD") for the Wickett (Penn) Field, Ward County, Texas. Eland also requests the cancellation of all overproduction for the Sealy Smith Lease, Well No. 845 (API No. 42-475-37112). Proper notice was given and the application is not protested. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend Eland's application be granted.

DISCUSSION OF THE EVIDENCE

The Wickett (Penn.) Field ("Field") was discovered in January 1965 and is under statewide rules. The current allowable is 142 BOPD, based on the 1965 Yardstick Allowable. There are currently seven wells in the Field, three of which belong to Eland. All seven wells are vertical, and there is only one well reporting overproduction, the Sealy Smith Lease, Well No. 845 (API No. 42-475-37112) ("Sealy Smith 845").

Eland reports that advances in completion design techniques have allowed them to access more of the Field's Pennsylvanian formation than previous operators. By means of hydraulic fracturing, Eland has been able to enhance the reservoir permeability of the formation, thereby increasing its flow potential and deliverability for a given completed interval. Eland asserts the increased deliverability and enhanced permeability has allowed them to complete more of the gross sections that were previously uneconomical to produce. Therefore, Eland's production volumes for wells are exceeding the current allowable of 142 BOPD. Eland plans to continue developing the Field. Based on testing and production history, Eland requests an MER of 250 BOPD and the cancellation of all overproduction.

Eland provided evidence demonstrating that wells could be efficiently operated at the requested MER. Daily production testing reported by Eland for both oil and gas using the MER approach did not adversely impact recovery from the reservoir. Eland stated that the Sealy Smith 845 has been naturally flowing on a 28/64th choke since September 24, 2016, at daily rates consistently exceeding the current top allowable with no indications that the decline in reservoir pressure has been expedited throughout this process.¹ According to Eland, the gas-oil ratio for the Sealy Smith 845 has remained consistent also indicating no expedited reservoir pressure drawdown.

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 and no protests were received.
2. The Field was discovered in 1965 and the current top allowable is 142 BOPD.
3. Eland plans to develop zones within the Field that were previously considered uneconomical to produce.
4. Eland provided evidence demonstrating that wells could be efficiently operated at the requested MER of 250 BOPD.
5. Results of testing indicate that increasing the oil production rate is not detrimental to the reservoir.
6. At the hearing, the applicant agreed on the record that the 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.

¹ Eland Exhibits 7, 8, and 9.

2. All notice requirements have been satisfied. 16 Tex. Admin. Code §§ 1.43 and 1.45.
3. An MER allowable of 250 BOPD 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, the Final Order is effective when a Master Order relating to the Final Order is signed on September 19, 2017.

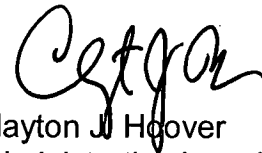
EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the application of Eland to amend the field rules so that the Wickett (Penn.) Field, Ward County, Texas may be produced under a maximum efficient rate (MER) allowable of 250 barrels of oil per day, and approving the cancellation of all overproduction for the Sealy Smith Lease, Well No. 845 (API No. 42-475-37112).

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Clayton J. Hoover
Administrative Law Judge