

OIL AND GAS DOCKET NO. 10-0228680

THE APPLICATION OF PANTERA ENERGY COMPANY FOR EXCEPTION TO STATEWIDE RULE 23(a)(2) FOR VARIOUS LEASES IN THE PANHANDLE, WEST; PANHANDLE GRAY COUNTY AND PANHANDLE CARSON COUNTY FIELDS, CARSON AND GRAY COUNTIES, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: June 13, 2001

Hearing held: July 17, 2001

Appearances

Andy Taylor
Scott Herrick

Representing
Pantera Energy Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pantera Enrgy Company wants an exception to Statewide Rule 23(a)(2) to allow it to pull up to 24 inches of mercury vacuum in order to recover additional gas on thirty of its properties in the Panhandle, West; Panhandle Gray County and Panhandle Carson County Fields, Carson and Gray Counties, Texas. Rule 23(a)(2) states:

In a field which is depleted or practically depleted vacuum may be used, but no vacuum pump shall be installed or used without a permit from the Commission obtained upon application after notice to adjacent lease owners and operators and a public hearing on such application.

DISCUSSION OF THE EVIDENCE

The subject fields were discovered in the 1930's and a great many of the wells in the field are near depletion. Many exceptions to Statewide Rule 23 have already been granted in these fields, including three applications by Pantera. There are twenty-six gas well leases covered in this application and four oil leases. One of the oil leases has 10 wells, another has six wells and the other two have three wells each. A list of leases is included.

The properties in this application have all reached the late stage of primary production and many of the gas wells on these properties are replacement wells for older wells that were already allowed to pull a vacuum. During 2001, the gas wells, including those newly drilled, produced a daily average of only 74 MCF per lease.

The 19 oil wells on the three active oil leases average less 7 MCF per day per well. The shut-in

pressures of the four oil leases, measured at the lease exits, are between 8 and 10 psia. Two of the gas wells are newly drilled which have not yet had the first sales. Current daily production of the 24 active gas wells varies from 2 MCF to 441 MCF. One of these gas wells has shut-in casing pressure of 44 psia and another has 21 psia, but the rest of the gas wells have shut-in casing pressure around 11 psia.

Statewide Rule 23 allows operators to pull up to 2 inches of mercury vacuum. (Atmospheric pressure is 14.7 psi which raises a column of mercury 30 inches.) On 2 inches of vacuum, none of the oil wells and only nine of the 26 gas wells were capable of production. The total production rate of these nine wells is 303 MCF per day. (One of the new wells is included in the nine capable wells with a daily rate of 24 MCF, while the other was incapable of producing on 2 inches of vacuum.)

The gas wells were then tested with a compressor and pulled at vacuums of 17 to 22 inches. The compressor also pulled vacuums of 7 inches on two of the oil leases and 17 inches on the other two. The tested rates varied from 2 to 389 MCF per day for the 26 gas wells and from 6 to 110 MCF per day for the four oil leases.

The cumulative production to date from these 30 properties has been 85 BCF and 1,534,000 barrels of oil. Pantera seeks authority to pull up to 24 inches of mercury vacuum. If this application is denied, the remaining reserves from these 30 leases are calculated to be only 701 BO and 414 MMCF of gas. If this application is granted, the estimated remaining recoverable gas will increase to 7.3 BCF and the recoverable oil to 13,000 barrels.

FINDINGS OF FACT

1. Notice of this hearing was issued to owners and operators of adjacent properties in the Panhandle, West; Panhandle Gray County and Panhandle Carson County Fields on July 3, 2001.
2. No protest was received to this application and numerous other leases are already approved to pull vacuums in the subject fields.
3. There are twenty-six gas well leases covered in this application and four oil leases that have a total of 21 oil wells.
4. The properties in this application have all reached the late stage of primary production.
 - a. During 2001, the gas wells, including two newly drilled, produced a daily average of only 74 MCF per lease, and the active oil leases averaged less than 7 MCF per well.
 - b. The shut-in pressures of the four oil leases, measured at the lease exits, are between 8 and 10 psia.
 - c. One of the gas wells has shut-in casing pressure of 44 psia and another has 21 psia, but the rest of the gas wells have shut-in casing pressure around 11 psia.
5. On the 2 inches of vacuum permitted under Statewide Rule 23, none of the oil wells and only nine of the 26 gas wells were capable of production. The total production rate of these nine wells is 303 MCF per day.

6. A compressor was used to pull vacuums of 17 to 22 inches on the gas wells and 7 to 17 inches on the oil leases.
7. The tested rates using the compressor varied from 2 to 389 MCF per day for the 26 gas wells and from 6 to 110 MCF per day for the four oil leases.
8. Pulling up to 24 inches of mercury vacuum will increase the incremental recovery from the 30 subject leases by 7.3 BCF and 13,000 barrels of oil.

CONCLUSIONS OF LAW

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. Allowing Pantera to pull up to 24 inches of mercury vacuum on the applied-for leases will prevent waste and protect correlative rights.

EXAMINER’S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that Pantera Energy Company be allowed to pull vacuums of up to 24 inches of mercury vacuum on the applied-for leases in the Panhandle, West; Panhandle Gray County and Panhandle Carson County Fields.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner

WELL	RRC ID#	GROSS WELLS	GAS/OIL	COUNTY	STATE
ALAMOSASANFORD 2	23773	1	GAS	HUTCHINSON	TX
ALAMOSASANFORD 3	23774	1	GAS	HUTCHINSON	TX
BARRETT 1	23080	1	GAS	GRAY	TX
BENEDICT 2R	180457	1	GAS	GRAY	TX
BISCHEL 1R	NOT ASN'D	1	GAS	CARSON	TX
BIVINS 1	25309	1	GAS	HUTCHINSON	TX
BURNETT 1-97R	175522	1	GAS	CARSON	TX
COFFEE ESTATE 1R	181865	1	GAS	CARSON	TX
GINN -A- 1R	180520	1	GAS	GRAY	TX
GRIMES A 1	81664	1	GAS	CARSON	TX
JOHNSON 1	25244	1	GAS	HUTCHINSON	TX

JOHNSON B1	25245	1	GAS	HUTCHINSON	TX
JORDAN 1R	175817	1	GAS	CARSON	TX
JUANITA 1	177657	1	GAS	CARSON	TX
KINNEY "B" 1R	175586	1	GAS	GRAY	TX
MCBRAYER 1R	180995	1	GAS	CARSON	TX
MCCONNELL 8R	181125	1	GAS	CARSON	TX
OSBORNE 2R	182860	1	GAS	GRAY	TX
POLO-SANFORD 1	23826	1	GAS	HUTCHINSON	TX
POPE, MARY -A- 1	132391	1	GAS	CARSON	TX
SANFORD 1	23827	1	GAS	HUTCHINSON	TX
TRICIA 1	129988	1	GAS	CARSON	TX
VANDERBURG 1R	175247	1	GAS	GRAY	TX
VANIMAN 2	25703	1	GAS	GRAY	TX
WALL 1	159213	1	GAS	GRAY	TX
WELLS A 1R	NOT ASN'D	1	GAS	CARSON	TX
CITIES SERVICE BARRETT	05344	6	OIL	GRAY	TX
CRUMPACKER	01780	10	OIL	CARSON	TX
WHITTEMORE	00063	3	OIL	CARSON	TX
O'NEAL	05489	3	OIL	CARSON	TX