



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 09-0282665

THE APPLICATION OF BRIGADIER OPERATING, LLC, TO CONSIDER INCREASED NET GAS-OIL RATIO AUTHORITY FOR VARIOUS WELLS IN THE KRS (MARBLE FALLS) FIELD, JACK COUNTY, TEXAS

HEARD BY: Paul Dubois - Technical Examiner
Andres J. Trevino, P.E. - Technical Examiner
Michael Crnich - Legal Examiner

DATE OF HEARING: June 28, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

James Clark, P.E.

Brigadier Operating, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Brigadier Operating, LLC (Brigadier) requested in increased net gas-to-oil ratio for the KRS (Marble Falls) field and that all overproduction for five wells in the field be cancelled. The wells are listed below:

<u>WELL NAME</u>	<u>LEASE ID</u>
BA Smith No. S 1 (API 237-39544)	32178
Killen No. S 1 (API 237-39513)	32179
Edwina Swan No. S 1 (API 237-39480)	32125
Stewart-Martin Unit No. S 3 (API 237-39508)	32165
Shoun Unit No. 1 M (API 237-37609)	32117

During the hearing Brigadier indicated that the field GOR had been revised in 2012 by Commission Final Order but that the revised value appeared to have not been recorded in the proration system, triggering notice of overproduction. The application is unopposed and the examiners recommend cancellation of the overproduction.

DISCUSSION OF EVIDENCE

Brigadier received notice from the Commission of its intent to sever five leases in the KRS (Marble Falls) Field, Jack County, due to overproduction of gas. The notices were dated April 25, 2013 and included the following overproduction figures:

<u>WELL NAME</u>	<u>OVERAGE</u>
BA Smith No. S 1 (API 237-39544)	100,132 MCF
Killen No. S 1 (API 237-39513)	72,263 MCF
Edwina Swan No. S 1 (API 237-39480)	98,115 MCF
Stewart-Martin Unit No. S 3 (API 237-39508)	78,375 MCF
Shoun Unit No. 1 M (API 237-37609)	190,218 MCF

Brigadier disputes the overproduction for four of the wells and the fifth will be reclassified as a gas well.

A Commission Final Order issued on April 24, 2012 (Docket No. 09-0275135) adopted field rules for the KRS (Marble Falls) Field. Among the rules adopted was an increased net GOR of 5,000 CF/Bbl (Rule 5). Brigadier suggested that perhaps the revised GOR was not incorporated into the RRC production/proration system, resulting in an erroneous calculation of production overages. Brigadier had not fully investigated this prior to the hearing. A copy of the field's oil proration schedule submitted into evidence by Brigadier indicated a GOR of 2,000 CF/Bbl, suggesting that the increased value under the Final Order had not been implemented. Subsequent discussion with Commission Well Compliance staff confirmed this to be the case. The correlative interval for the field was also inconsistently reported on the Commission mainframe. These issues have since been corrected.

Brigadier presented tabulated data showing that with the revised GOR of 5,000 CF/Bbl effective on May 1, 2012, four of the wells are not, in fact, overproduced. One well, the Shoun Unit No. 1 M, does still maintain an overproduction of gas. Brigadier indicates that this well meets the classification criteria for a gas well based on heptanes plus compositional analysis and will be reclassified as a gas well.

Brigadier requests that all of the over-production for the five subject wells be canceled; four of the wells should not have received overproduction notices, and the fifth well will be reclassified as a gas well. The examiners concur that the overproduction should be cancelled for all five wells; there is no need to further revise the GOR for the field.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators in the KRS (Marble Falls) Field at least ten days prior to the date of hearing.
2. The field GOR was revised by Commission Final Order on April 24, 2013, but the change was not incorporated into the Commission's computer system.
3. Brigadier recieved overproduction notices for five wells in the KRS (Marble Falls) field.
4. Four of the wells were, in fact, not overproduced based on the revised GOR adopted in April 2013.
5. One of the wells, the Shoun Unit No. 1 M, was overproduced, but the operator reports that it will be reclassified as a gas well, at which time the overproduction can be cancelled.

CONCLUSIONS OF LAW

1. Notice of this hearing was given as specified in the provisions of all regulatory codes.
2. All things have occurred or been accomplished to give the Commission jurisdiction in this matter.
3. Cancellation of the overproduction for the five subject wells in the KRS (Marble Falls) Field will not harm correlative rights and will not cause waste.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission cancel the overproduction for the five subject wells in the KRS (Marble Falls) Field, as requested by Brigadier Operating, LLC.

Respectfully submitted,



Paul Dubois
Technical Examiner



Michael Crnich
Legal Examiner



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