

OIL AND GAS DOCKET NO. 7B-0269809

THE APPLICATION OF BRIDWELL OIL COMPANY FOR AN INCREASED NET GAS OIL RATIO AUTHORITY FOR THE COMPTON HEIRS LEASE, WELL NO. 2, IN THE STEPHENS COUNTY REGULAR FIELD, STEPHENS COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. - Technical Examiner

Hearing Date: April 15, 2011

Appearances:

Steve Ginnings

Representing:

Bridwell Oil Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Bridwell Oil Company requests an increased net gas-oil ratio authority with a casinghead gas limit of 300 MCFGPD for its Compton Heirs Lease, Well No. 2, in the Stephens County Regular Field, Stephens County, Texas. Bridwell also requests that all accumulated overproduction be cancelled for this well.

The application is unopposed and the examiner recommends approval of the requested increased net gas-oil ratio authority and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Compton Heirs Lease, Well No. 2, was completed in the Stephens County Regular Field in August 1978 with perforations between 3,314 feet and 3,320 feet. On initial test, the well pumped at a rate of 36 BOPD, 4 MCFGPD, GOR of 111 cubic feet per barrel and 4 BWPD. Cumulative production from the lease through February 2011 is 61,340 BO and 162.3 MMCF of gas. The field operates under Stephens County Regular Rules and the top allowable is 28 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel of 56 MCFD.

The Stephens County Regular Field was discovered in 1916 and is classified as associated, 49-B exempt. The Compton Heirs Lease, Well No. 2, is producing from Caddo interval and is the only well in this zone. A solution gas drive is the primary drive mechanism for the reservoir.

The well was not tested at various rates, as it is a pumping well. Since the year 2000, the gas oil ratio has increased from 10,000 cubic feet per barrel to over 40,000 cubic

feet per barrel and the oil producing rate is declining. An increasing gas oil ratio and a declining oil producing rate are the main characteristics of a reservoir producing under a solution gas drive mechanism. The well was repaired in October 2010 to repair a casing leak. Gas production further increased after the casing leak was repaired.

Bridwell Oil Company requests an increased net gas-oil ratio authority with a casinghead gas limit of 300 MCFGPD for its Compton Heirs Lease, Well No. 2, in the Stephens County Regular Field to prevent future net gas-oil ratio authority hearings as gas production is expected to increase. The subject lease is over produced approximately 2,149 MCF as of December 2010. Bridwell also requests that all accumulated overproduction be cancelled for this lease.

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 hearing.
2. The Compton Heirs Lease, Well No. 2, was completed in the Stephens County Regular Field in August 1978 with perforations between 3,314 feet and 3,320 feet. On initial test, the well pumped at a rate of 36 BOPD, 4 MCFGPD, GOR of 111 cubic feet per barrel and 4 BWPD.
3. The Stephens County Regular Field operates under Stephens County Regular Rules and the top allowable is 28 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel of 56 MCFD.
4. The Compton Heirs Lease, Well No. 2, is producing from a Caddo interval and is the only well in this zone. A solution gas drive is the primary drive mechanism for the reservoir.
5. The Compton Heirs Lease, Well No. 2 is a pumping well and is capable of producing in excess of 5 BOPD and 130 MCFGPD.
6. Since the year 2000, the gas oil ratio has increased from 10,000 cubic feet per barrel to over 40,000 cubic feet per barrel and the oil producing rate is declining. An increasing gas oil ratio and a declining oil producing rate are the main characteristics of a reservoir producing under a solution gas drive mechanism.
7. The well was repaired in October 2010 to repair a casing leak. Gas production further increased after the casing leak was repaired.
8. Producing the Compton Heirs Lease, Well No. 2, at rates up to 5 BOPD and 300 MCFGPD will not cause waste.

9. Bridwell Oil Company requests an increased net gas-oil ratio authority with a casinghead gas limit of 300 MCFGPD to prevent future net gas-oil ratio authority hearings as gas production is expected to increase.
10. The subject lease is over produced approximately 2,149 MCF as of December 2010.

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. Approval of an increased net gas-oil ratio authority with a casinghead gas limit of 300 MCFGPD and cancellation of overproduction for the Compton Heirs Lease, Well No. 2, in the Stephens County Regular Field will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends approval of an increased net gas-oil ratio authority with a casinghead gas limit of 300 MCFGPD and cancellation of overproduction for the Compton Heirs Lease, Well No. 2, in the Stephens County Regular Field, Stephens County, Texas.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner