



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 03-0297774

THE APPLICATION OF FIRSTRIKE ENERGY CORPRATION FOR CANCELATION OF OVERPRODUCTION FOR THE HANKAMER LEASE (26492), WELL NO. 1, SABINE TRAM, E. (8000, E) FIELD, NEWTON COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Ryan Lammert – Administrative Law Judge

HEARING DATE: September 30, 2015

CONFERENCE DATE: November 3, 2015

APPEARANCES:

Dale Miller

REPRESENTING:

Firststrike Energy Corporation

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Firststrike Energy Corporation (Firststrike) seeks cancellation of overproduction of casinghead gas from its Hankamer Lease (No. 26492) Well No. 1 (API No. 42-351-30899) in the Sabine Tram, E. (8000, E) Field, Newton County, Texas. As of July 2015, the well has accumulated an overproduction of 26,729 thousand cubic feet (mcf) of casinghead gas. Regular production rates are slowly reducing the accumulated overproduction. The Hankamer Lease Well No. 1 is the only well in the field, and Firststrike the only operator. The application was not protested. The Examiners recommend the overproduction be cancelled.

Firststrike originally requested the hearing to seek an increased net gas-oil ratio (GOR). At the time of the hearing, however, Firststrike determined that an increased net GOR was no longer needed for efficient production.

DISCUSSION OF EVIDENCE

The Sabine Tram, E. (8000, E) Field has a top oil allowable of 121 barrels of oil per day (bopd) based on the 1965 yardstick and a standard gas-oil ratio (GOR) of 2,000 cubic

feet per barrel. Firststrike's Hankamer Lease Well No. 1 was completed on February 2, 2014. On March 14, 2014, the well tested at a 24-hour rate of 108 bopd, 699 mcf gas per day, and no water. The test indicated a producing GOR of 6,472 scf/bbl, which resulted in a penalized allowable pursuant to Statewide Rule 49(a) [16 Tex. Admin. Code § 3.49(a)]. The well produced oil and gas in excess of its allowables, and on April 2, 2015, the Commission notified Firststrike that it had accumulated an overproduction of 15,478 barrels of oil and 37,478 mcf gas.

On March 19, 2015, Firststrike retested the well, which produced 165 bopd and 355 mcf gas per day. The retested oil rate erased the oil overproduction. Based on the March 19, 2015 well test, the well maintains a Rule 49(a) penalized oil allowable of 113 bopd and a gas allowable of 242 mcf gas per day.

On June 30, 2015, the Commission notified Firststrike that the well maintained a casinghead gas overproduction of 38,731 mcf. Following July production reports, the overproduction of casinghead gas was reduced to 26,729 mcf. The well currently produces 40 bopd, 118 mcf gas, and 190 barrels of water per day. Firststrike anticipates the overproduction will be erased over the next few months.

The Hankamer Lease Well No. 1 is the only well in the field, and Firststrike the only operator. The production characteristics indicate that a severe restriction on gas production to address the overproduction status would likely result in the well loading with water, likely killing the well. Following a shut-in in June 2015, the well required five days of swabbing to restore production on gas lift. Firststrike believes cancelling overproduction will allow the well to continue to produce conservatively, preventing waste and protecting correlative rights.

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 Sabine Tram, E. (8000, E) Field has a top oil allowable of 121 barrels of oil per day (bopd) based on the 1965 yardstick and a standard gas-oil ratio (GOR) of 2,000 cubic feet per barrel.
3. The Hankamer Lease Well No. 1 is the only well in the field, and Firststrike the only operator.
4. The Hankamer Lease Well No. 1 was completed on February 2, 2014.
5. On March 14, 2014, the well tested at a 24-hour rate of 108 bopd, 699 mcf gas per day, and no water. The test indicated a producing GOR of 6,472

scf/bbl, which resulted in a penalized allowable pursuant to Statewide Rule 49(a) [16 Tex. Admin. Code § 3.49(a)].

6. A March 19, 2015, well test produced 165 bopd and 355 mcf gas per day.
7. Based on the March 19, 2015 well test, the well maintains a Rule 49(a) penalized oil allowable of 113 bopd and a gas allowable of 242 mcf gas per day.
8. On June 30, 2015, the Commission notified Firststrike that the well maintained a casinghead gas overproduction of 38,731 mcf.
9. Following July production reports, the overproduction of casinghead gas was reduced to 26,729 mcf.
10. The well currently produces 40 bopd, 118 mcf gas, and 190 barrels of water per day.
11. Cancelling overproduction will allow the well to continue to produce conservatively, preventing waste and protecting correlative rights.

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 § 1.45
3. Canceling overproduction for the Hankamer Lease, Well No. 2, will prevent waste and protect correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the application of Firststrike Energy Corporation to cancel overproduction for its Hankamer Lease (No. 26492), Well No. 2, in the Sabine Tram, E. (8000, E) Field, Newton County, Texas.

Respectfully submitted,



Paul Dubois
Technical Examiner



Ryan Lammer
Administrative Law Judge