

OIL AND GAS DOCKET NO. 10-0263275

THE APPLICATION OF BP AMERICA PRODUCTION COMPANY TO CONSIDER AUTHORITY PURSUANT TO STATEWIDE RULE 23 TO PRODUCE ON VACUUM ITS BASKIN GAS UNIT -B- (236361) LEASE, WELL NO. 2344, BROWN GAS UNIT -F- (236362) LEASE, WELL NO. 2378, BURRUS (237063) LEASE, WELL NO. 2311 AND THE MORRIS GAS UNIT -F- (237065) LEASE, WELL NO. 3339, TEXAS HUGOTON FIELD, SHERMAN COUNTY, TEXAS

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

Hearing Date: November 13, 2009

Appearances:

Sandy Buch
Gary Oxner

Representing:

BP America Production Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

BP America Production Company requests authority to pull up to 3 inches of mercury vacuum in order to maximize recovery for its Baskin Gas Unit -B- (236361) Well No. 2344, Brown Gas Unit -F- (236362) Well No. 2378, Burrus (237063) Well No. 2311 and the Morris Gas Unit (237065) Well No. 3339 in the Texas Hugoton Field.

This application was unopposed and the examiner recommends approval.

DISCUSSION OF THE EVIDENCE

The requested authority is for the Baskin Gas Unit -B- (236361) Well No. 2344, Brown Gas Unit -F- (236362) Well No. 2378, Burrus (237063) Well No. 2311 and the Morris Gas Unit (237065) Well No. 3339 gas wells. These wells are completed in the Texas Hugoton Field which is a large, mature field discovered in 1945 at a depth of 2,800'. The Texas Hugoton Field is approximately 95% pressure depleted. The original bottom hole pressure for the Texas Hugoton Field was 485 psig. The current bottom hole pressure for the wells range from 56 to 130 psia. BP America has inadvertently installed the compressors on the wells without realizing authority was required from the Commission. BP America seeks the Commission's authority to continue to produce the wells with the compressors installed.

The Baskin Gas Unit -B- (236361) Well No. 2344 is estimated to recover 260 MMCF of gas without vacuum authority. The daily production increased from 150 MCFD to 242 MCFD. This increase in daily production will increase ultimate recovery from the subject well. With the installation of the compressor, BP America estimates an increased recovery of 191 MMCF of gas giving the well an ultimate remaining recovery of 451 MMCF of gas. The current bottom hole pressure for the well is 72 psi.

The Brown Gas Unit -F- (236362) Well No. 2378 is estimated to recover 293 MMCF of gas without vacuum authority. The daily production increased from 137 MCFD to 230 MCFD. This increase in daily production will increase ultimate recovery from the subject well. With the installation of the compressor, BP America estimates an increased recovery of 357 MMCF of gas giving the well an ultimate remaining recovery of 650 MMCF of gas. The current bottom hole pressure for the well is 56 psi.

The Burrus (237063) Well No. 2311 is estimated to recover an additional 328 MMCF of gas without vacuum authority. The daily production increased from 179 MCFD to 310 MCFD. This increase in daily production will increase ultimate recovery from the subject well. With the installation of the compressor, BP America estimates an increased recovery of 401 MMCF of gas giving the well an ultimate remaining recovery of 729 MMCF of gas. The current bottom hole pressure for the well is 130 psi.

The Morris Gas Unit (237065) Well No. 3339 is estimated to recover an additional 118 MMCF of gas without vacuum authority. The daily production increased from 108 MCFD to 239 MCFD. This increase in daily production will increase ultimate recovery from the subject well. With the installation of the compressor, BP America estimates an increased recovery of 170 MMCF of gas giving the well an ultimate remaining recovery of 288 MMCF of gas. The current bottom hole pressure for the well is 93 psi.

BP America seeks the Commission's authority to produce its wells with compressors as have many of the other operators in the field. The requested exceptions to Rule 23 are necessary to protect correlative rights and prevent drainage to offsetting wells.

All operators in the subject fields were notified of the subject hearing. There were no objections filed and no protestant appeared at the hearing.

FINDINGS OF FACT

1. Proper notice of this hearing was given to all offsetting operators to the lease at least ten days prior to the date of hearing. There were no protests to the application.
2. The Baskin Gas Unit -B- (236361) Well No. 2344, Brown Gas Unit -F- (236362) Well No. 2378, Burrus (237063) Well No. 2311 and the Morris Gas Unit (237065) Well No. 3339 which are the subject of this hearing are in the Texas Hugoton Field.
3. The Texas Hugoton Field is a large, mature gas field which is 95% pressure depleted.

4. The total daily production from wells has increased with vacuum assist.
 - a. The Baskin Gas Unit -B- (236361) Well No. 2344's daily production has increased from 150 MCFD to 242 MCFD.
 - b. The Brown Gas Unit -F- (236362) Well No. 2378's daily production has increased from 137 MCFD to 230 MCFD.
 - c. The Burrus (237063) Well No. 2311's daily production has increased from 179 MCFD to 310 MCFD.
 - d. The Morris Gas Unit (237065) Well No. 3339's daily production has increased from 108 MCFD to 239 MCFD.
5. This increase in daily production will increase ultimate recovery from the subject wells. With the installation of the compressors, BP America estimates an increased recovery of additional gas reserves.
 - a. The Baskin Gas Unit -B- (236361) Well No. 2344 is estimated to recover an additional 191 MMCF of gas with vacuum authority.
 - b. The Brown Gas Unit -F- (236362) Well No. 2378 is estimated to recover an additional 357 MMCF of gas with vacuum authority.
 - c. The Burrus (237063) Well No. 2311 is estimated to recover an additional 401 MMCF of gas with vacuum authority.
 - d. The Morris Gas Unit (237065) Well No. 3339 is estimated to recover an additional 170 MMCF of gas with vacuum authority.
6. Similar authority has been granted to other operators in the Texas Hugoton Field.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval of the requested authority pursuant to Statewide Rule 23 will prevent waste and will not harm correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the requested Rule 23 authority be granted for Baskin Gas Unit -B- (236361) Well No. 2344, Brown Gas Unit -F- (236362) Well No. 2378, Burrus (237063) Well No. 2311 and the Morris Gas Unit (237065) Well No. 3339 in the Texas Hugoton Field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Hearings Examiner