



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 09-0302444

THE APPLICATION OF LAYLINE ENERGY I, LLC TO CONSIDER A MER ALLOWABLE FOR THE WICHITA COUNTY (SPECIAL) FIELD AND TO CANCEL OVERPRODUCTION FOR THE W.T. WAGONNER "A" NCT-3 LEASE, WICHITA COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Ryan Lammert – Administrative Law Judge

HEARING DATE: January 11, 2017
CONFERENCE DATE: February 28, 2017

APPEARANCES: David Nelson
Wayne Hyman

REPRESENTING: Layline Energy I, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Layline Energy I, LLC, ("Layline") seeks a field-wide maximum efficient rate (MER) allowable of 60 barrels of oil per day (BOPD) for the the Wichita County (Special) Field, Wichita County, Texas, and the cancellation of all overproduction for the W.T. Wagonner "A" NCT-3 Lease. Notice of the application was provided to all operators in the field. The application is unopposed and the Administrative Law Judge and Technical Examiner (collectively, "Examiners"), recommend approval of the application

DISCUSSION OF THE EVIDENCE

Layline is the operator of the majority of wells in the Wichita County (Special) Field. The current field allowable in the Wichita County (Special) Field is 16 barrels of oil per day (BOPD). Potential tests for wells completed in the Wichita County (Special) Field indicate production rates of less than 10 BOPD for most of the wells in the field.

Layline has recently recompleted several wells in the field. The recompleted wells are producing above the current field allowable of 16 BOPD. Layline is requesting a 60 BOPD field MER allowable based on a production test. The test showed that producing the wells at 60 BOPD results in a lower producing gas-oil ratio (GOR) than producing the wells at the current maximum field allowable. Producing the wells at 60 BOPD resulted in a GOR of 200:1, whereas producing the wells at the current field allowable of 16 BOPD yielded a GOR of 400:1.

Layline has plans to deepen and re-complete more wells in the field. The ability to produce the wells at 60 BOPD will prevent waste by allowing Layline to produce the wells without the need to restrict rates to 16 BOPD at a GOR of 400:1 as compared to 60 BOPD and a GOR of 200:1

Layline also requests the cancellation of all overproduction for the W.T. Wagonner "A" NCT-3 Lease, effective the date the final order is signed. Layline agreed that the final order will become effective the date the order is signed, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A).

FINDINGS OF FACT

1. Notice of this hearing was provided to all operators in the field at least ten (10) days prior to the date of the hearing and no protests were received.
2. The current field allowable for the Wichita County (Special) Field, Wichita County, Texas is 16 BOPD.
3. Layline has recently recompleted several wells in the field, and the recompleted wells are producing above the current field allowable.
4. Layline plans to deepen and re-complete more wells in the field.
5. Layline is requesting a 60 BOPD MER for the Wichita County (Special) Field based on a production test. The test showed that producing the wells at 60 BOPD results in a lower producing gas-oil ratio, a GOR of 200:1, than producing the wells at the current field allowable of 16 BOPD, a producing GOR of 400:1.
6. The ability to produce the wells at 60 BOPD will prevent waste by allowing Layline to produce the wells without the need to restrict rates to 16 BOPD at a GOR of 400:1 as compared to 60 BOPD and a GOR of 200:1.
7. Layline also requests the cancellation of all overproduction for the W.T. Wagonner "A" NCT-3 Lease, effective the date the final order is signed.

8. Layline agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

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 a MER of 60 BOPD for the Wichita County (Special) Field, Wichita County, Texas and cancellation of all overproduction for the W.T. Wagonner "A" NCT-3 Lease will prevent waste.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the consent of the applicants, this Final Order is effective when a Master Order relating to this Final Order is signed on February 28, 2017.

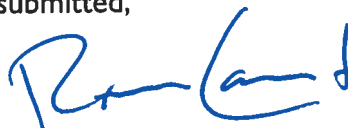
EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend a MER of 60 BOPD for the Wichita County (Special) Field, and cancellation of all overproduction for the W.T. Wagonner "A" NCT-3 Lease.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Ryan Lammert
Administrative Law Judge