

THE APPLICATION OF DELTA OIL & GAS LTD TO CONSIDER AUTHORITY PURSUANT TO STATEWIDE RULE 23 TO PRODUCE ON VACUUM ITS COOK HEIRS LEASE, WELL NO. 1, STEPHENS COUNTY REGULAR FIELD (GAS), STEPHENS COUNTY, TEXAS

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

Hearing Date: June 17, 2011

Appearances:

Representing:

Keith B. Masters, P.E.

Delta Oil & Gas LTD

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Delta Oil & Gas LTD requests authority to pull up to 20 inches of mercury vacuum in order to maximize recovery for its Cook Heirs Lease, Well No. 1 (Gas I.D. No. 259342) in the Stephens County Regular Field (Gas).

This application was unopposed and the examiner recommends approval.

DISCUSSION OF THE EVIDENCE

The requested authority is for Cook Heirs Lease, Well No. 1 gas well. This well was recompleted from the Caddo, North (Duffer) Field into the Stephens County Regular Field (Gas), records show the well has produced 60 MCF of gas. The Stephens County Regular Field (Gas) is a depleted series of conglomerate zones that are found throughout the area. Currently the wellhead pressure is insufficient to flow against the pipeline sales line pressure of 10 to 12 psig. The current wellhead pressure for the Cook Heirs Lease, Well No. 1 is 10 to 12 psig.

Without vacuum authority, the well is not capable to produce any gas. The daily production is expected to increase from 0 MCFD to 25 MCFD. This increase in daily production will increase ultimate recovery from the subject well. With the installation of the compressor, remaining gas reserves will be recovered. Compressor assistance is needed to pump the wellhead gas at 10 to 12 psig into a gathering line with an operating pressure of 10 to 12 psia. Other operators in the area have requested exceptions to Rule 23 to recover remaining reserves from the mostly depleted gas zones. 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. A waiver was received from Echols Oil Company. 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 Cook Heirs Lease, Well No. 1 (Gas I.D. No. 259342) which is the subject of this hearing is in the Stephens County Regular Field (Gas).
3. The Cook Heirs Lease, Well No. 1 was recompleted from the Caddo, North (Duffer) Field into the conglomerates of the Stephens County Regular Field (Gas) which are pressure depleted.
4. Cumulative production from the Cook Heirs Lease, Well No. 1 is 60 MCF of gas.
5. The wellhead pressure for the Cook Heirs Lease, Well No. 1 is 10 to 12 psig, the wellhead pressure is insufficient to flow against the pipeline sales line pressure of 10 to 12 psig.
6. There is no daily production from Cook Heirs Lease, Well No. 1. It is estimated the daily production will increase to 20 to 25 MCFD with vacuum assist.
7. Without increased vacuum authority, the Cook Heirs Lease, Well No. 1 can not produce any gas. With increased vacuum authority, remaining gas reserves will be recovered that would otherwise be left in the ground.

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 the Cook Heirs Lease, Well No. 1 (Gas I.D. No. 259342) in the Stephens County Regular Field (Gas).

Respectfully submitted,

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