



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 09-0282671

THE APPLICATION OF BEST PETROLEUM EXPLORATIONS, INC. TO CONSIDER INCREASED NET GAS-TO-OIL RATIO AUTHORITY AND MAXIMUM EFFICIENT RECOVERY ALLOWABLE FOR THE DUERSON LEASE, WELL NO. 1G IN THE JMG MAG (MISS) FIELD, JACK COUNTY, TEXAS

Heard by: Paul Dubois - Technical Examiner
Andres J. Trevino, P.E. - Technical Examiner
Michael Crnich - Legal Examiner

Hearing Date: June 28, 2013

Appearances:

Dale Miller

Representing:

Best Petroleum Explorations, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Best Petroleum Explorations, Inc. is reclassifying its Duerson Well No. 1G as a gas well and requests that the overproduction of oil and gas the well be cancelled or held in abeyance. This application was unopposed, and the examiners recommend the oil and gas overproduction be cancelled.

DISCUSSION OF EVIDENCE

The Duerson No. 1G well was completed as an oil well in February 2012 and was placed in the JMG MAG (Miss) Field. The subject well is perforated between 5,190 feet and 5,236 feet. On initial test, the well produced at a rate of 20 BOPD, 300 MCFPD and 1,100 BWPD with a GOR of 15 MCF/Bbl. The maximum allowable for the field is 111 BOPD. The well was placed on the proration schedule with a penalized oil allowable of 15 BOPD per Rule 49(a). The well produced in excess of the maximum field allowable for the months of March and April 2012. The JMG MAG (Miss) gas field is currently on AOF. Best contends that, had the well originally been classified as a gas well, there would be no overproduction issues for oil or gas.

The producing characteristics of the well have changed over time. The amount of oil produced has declined significantly; the production of gas has declined less so, increasing the net GOR. The well is pumped to relieve the water load and now makes approximately 1BOPD and 150 BWPD.

The operator tested the gas well potential for the well in May 2013. This test indicated oil production of 1Bbl/D, gas production of 149 MCF/D, and water production of 200 Bbl/D. The GOR was 149 MCF/Bbl, meeting the statutory requirement for gas well classification. Reclassification papers were filed in June 2013.

The well has accumulated overages of approximately 16,507 BO and 93,415 MCF of casinghead gas as of April 2013. Given the amount of water produced, it could be adverse to shut the well in to balance production. Best Petroleum requests that this overage be canceled. The well is being reclassified as a gas well in an AOF field, eliminating future overproduction issues, and removing the need to increase the net GOR authority or establish an MER allowable. The examiners recommend cancellation of the overproduction.

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 Duerson No. 1G was completed in February 2012 and was placed in the JMG MAG (Miss) Field.
3. The well on initial test produced at a rate of 20 BOPD, 300 MCFD and 1,100 BWPD with a GOR of 15 MCF/Bbl.
4. The well has accumulated approximately 16,507 BO and 93,415 MCF of casinghead gas overproduction.
5. Through 15 months oil production has fallen off sharply, and gas production has declined moderately, increasing the GOR.
5. The well was retested; it is a statutory gas well.
6. The well's current production averages less than 1 BOPD and 149 MCFD.
7. Shutting in the well to balance production may have adverse affects on the well and the reservoir.

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. Cancelling overproduction from the Duerson No. 1G in the JMG MAG (Miss) Field will prevent waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiners recommend that all accumulated overproduction for Duerson No. 1G be canceled.

Respectfully submitted,


Paul Dubois
Technical Examiner


Michael Crnich
Legal Examiner