THE APPLICATION OF UNITED OIL & MINERALS, L.P. FOR INCREASED NET GAS OIL AUTHORITY FOR ITS RICHARDS WELL NO. 2A IN THE PURE GUTS (YEGUA) FIELD, WHARTON COUNTY, TEXAS

Heard by:    Donna K. Chandler on March 29, 2001

Appearances:    Representing:

Dale Miller    United Oil & Minerals, L.P.

EXAMINER’S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

United Oil & Minerals requests increased net GOR authority for its Richards No. 2A in the Pure Guts (Yegua) Field. United requests a daily gas limit of 1,000 MCFD and cancellation of all accumulated overproduction for this lease.

This application was unprotested and the examiner recommends approval of the increased net gas-oil ratio authority with a casinghead gas limit of 1,000 MCFD and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Pure Guts (Yegua) Field was discovered in 1995 upon completion of the Richards No. 2A by United Oil & Minerals. This well remains the only producing well in the field. The field operates under Statewide Rules and the top allowable is 111 BOPD and 222 MCFD.

The Richards No. 2A has produced 115,000 BO and 245 MMCF of gas through January 2001. By mid-2000, oil production from the well had decreased to less than 5 BOPD. United lowered the suction pressure on the compressor, resulting in an increase in production to 50 BOPD and 350 MCFD.

United tested the well in March 2001 to determine rate sensitivity. The well was flowed for approximately three weeks through a 12/64" choke. The average rate of production was 50 BOPD and 450 MCFD. The choke was then changed to 9/64" and the rate dropped to 27 BOPD and 300 MCFD, with an increase in producing gas-oil ratio from approximately 9,000 cubic feet per barrel to over 11,000 cubic feet per barrel.
United requests a gas limit of 1,000 MCFD in anticipation of increased gas production from the well after an upper gas zone is perforated. United has produced this well for six years in a manner to maximize oil recovery from the reservoir. The log of the well indicates a gas stringer approximately 20 feet above the current producing zone. United plans to perforate this stringer in the near future to help lift the oil and allow United to discontinue use of the compressor. Approval of a higher gas limit at this time will prevent the need for another hearing to increase the gas limit.

The subject lease is overproduced approximately 8,500 MCF. United requests that this overage be canceled.

**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 Pure Guts (Yegua) Field was discovered in 1995 upon completion of the Richards No. 2A by United Oil & Minerals.

3. The Richards No. 2A is the only well which has produced from the field, with cumulative production of 115,000 BO and 245 MMCF of gas.

4. The field operates under Statewide Rules and the top allowable is 111 BOPD and 222 MCFD.

5. The Richards No. 2 produces at a lower gas oil ratio when produced in excess of the current casinghead gas limit.
   a. When flowed through a 12/64" choke, the average rate of production was 50 BOPD and 450 MCFD, with a producing gas-oil ratio of 9,000 cubic feet per barrel.
   b. When flowed through a 9/64", the rate of production dropped to 27 BOPD and 300 MCFD, with an increase in producing gas-oil ratio to over 11,000 cubic feet per barrel.

6. The gas production from the well will increase when United perforates an additional zone in the well to aid in lifting oil.

7. The subject lease is overproduced approximately 8,500 MCF.
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. Approval of increased net gas-oil ratio authority with a casinghead gas limit of 1,000 MCFD for the Richards No. 2A in the Pure Guts (Yegua) Field and cancellation of overproduction will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Richards No. 2A in the Pure Guts (Yegua) Field be authorized to produce under net gas-oil ratio authority with a daily gas limit of 1,000 MCFD and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Donna K. Chandler
Technical Examiner