

OIL AND GAS DOCKET NO. 02-0257378

THE APPLICATION OF HILCORP ENERGY COMPANY TO CONSIDER INCREASED NET GOR FOR ITS M. F. LAMBERT LEASE WELL NO. 211R, TOM O'CONNOR (WEST 6600) FIELD, REFUGIO COUNTY, TEXAS

Heard by: Donna K. Chandler on July 17, 2008

Appearances:

Dale Miller

Representing:

Hilcorp Energy Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Hilcorp Energy Company requests that all overproduction for its M. F. Lambert Well No. 211R in the Tom O'Connor (West 6600) Field be cancelled. Hilcorp had originally requested net gas-oil ratio authority but the well is now producing within its assigned casinghead gas allowable.

The application is unopposed and the examiner recommends cancellation of the overproduction.

DISCUSSION OF EVIDENCE

The M. F. Lambert No. 211R was completed in the Tom O'Connor (West 6600) Field in March 2008. On initial test, the well produced at a rate of 70 BOPD, 591 MCFD and 0 BWPD, with a GOR of approximately 8,400 cubic feet per barrel. The top allowable in the field is 200 BOPD and 400 MCFD. There are no other producing wells in the field at this time.

The well is perforated in the lowest portion of the Lower Frio sand between 6,710 and 6,713 feet. However, during testing of the well for this hearing, the aquifer began to encroach and the water-oil ratio increased from 15% to over 80% in less than 30 days. The well was equipped with gas lift at the end of the test to assist with lifting oil. Hilcorp believes that the well will likely be recompleted to the upper part of the sand in the near future.

Hilcorp had originally requested increased net gas-oil ratio authority for the well because it was being assigned a penalized allowable due to high gas-oil ratio. The well is now producing within its assigned allowable, at a rate of 25-30 BOPD, 275 MCFD and about 100 BWPD, on gas lift.

The well has produced 3,235 BO and 82 MMCF of casinghead gas through June 2008. Cumulative casinghead gas overproduction is approximately 59 MMCF as of July 1, 2008. Hilcorp request that this overage be cancelled.

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 M. F. Lambert No. 211R was completed in March 2008 in the Tom O'Connor (West 6600) Field.
3. The current top allowable in the field is 200 BOPD and 400 MCFD.
4. The initial potential for the well was 70 BOPD, 591 MCFD and 0 BWPD.
5. The water-oil ratio is currently about 80% and the well has been placed on gas lift. It will likely be recompleted in the near future.
6. Production from the well is currently about 25-30 BOPD, 275 MCFD and 100 BWPD.
7. As of July 1, 2008, the cumulative overage for the lease is approximately 59 MMCF.

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. Cancellation of overproduction for the M. F. Lambert No. 211R in the Tom O'Connor (West 6600) Field will not harm correlative rights and will not cause waste.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends cancellation of overproduction for the M. F. Lambert No. 211R in the Tom O'Connor (West 6600) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner