

**THE APPLICATION OF SALIDA EXPLORATION, LLC TO CONSIDER INCREASED NET GOR AUTHORITY FOR THE ROCHE NO. 4 IN THE CACTUS (FRIO MASSIVE) FIELD, REFUGIO COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on March 26, 2009

**Appearances:**

Lloyd Muennink  
Greg King

**Representing:**

Salida Exploration, LLC

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Salida Exploration, LLC requests authority to produce its Roche No. 4 under increased net gas-oil ratio authority with a daily gas limit of 500 MCFD. Salida also requests that all overproduction for the well be canceled.

This application was unopposed and the examiner recommends approval of increased net gas-oil ratio authority with a daily gas limit of 500 MCFD for the well and cancellation of overproduction.

**DISCUSSION OF EVIDENCE**

The Roche Well No. 4 was completed in the subject field in May 2009. There are three oil wells on the current proration schedule, two operated by Salida and one operated by Milagro Exploration LLC. The Roche No. 4 produces from a separate fault block from the other wells in the field. The top allowable in the field is 111 BOPD and 222 MCFD.

On initial test, the Roche No. 4 produced at a rate of 180 BOPD, 525 MCFD and 18 BWPD flowing through a 10/64" choke. The well is perforated from 7,684 feet to 7,688 feet.

In March 2009, the well was tested to determine rate sensitivity. When the well was produced at an average rate of 440 MCFD, the oil rate was about 11 BOPD and the gas-oil ratio was about 40,000 cubic feet per barrel. When the rate was restricted in an attempt to produce within its current gas limit, the gas-oil ratio increased to over 60,000 cubic feet per balance. The gas rate was about 280 MCFD and the oil rate was only 5-6 BOPD. Production at the reduced rate was very erratic and the well showed signs of loading.

As of February 1, 2009, the lease had casinghead gas overproduction of 19,511 MCF. Salida requests that all 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 Roche Well No. 4 was completed in the Cactus (Frio Massive) Field in May 2008.
3. The top allowable in the field is 111 BOPD and 222 MCFD.
4. The well produces with a lower gas-oil ratio when produced at a rate of approximately 450 MCFD. When the well is produced at a reduced rate, the gas-oil ratio increases significantly and the production from the well is erratic.
5. Restricting the casinghead gas production for this well is not necessary to prevent waste.
6. The lease is overproduced approximately 19,500 MCFD as of February 1, 2009.

**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 500 MCFD for the Roche No. 4 in the Cactus (Frio Massive) 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 Roche No. 4 in the Cactus (Frio Massive) Field be authorized to produce under net gas-oil ratio authority with a daily gas limit of 500 MCFD and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner