

**THE APPLICATION OF TELESIS OPERATING CO., INC., FOR INCREASED GAS OIL RATIO AUTHORITY FOR ITS MCGREGOR -3- LEASE WELL NO. 1, FORT MCKAVITT (LIME 4150) FIELD, SCHLEICHER COUNTY, TEXAS**

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**Heard by:** Margaret Allen, Technical Hearings Examiner

**Procedural history**

Application received: May 31, 2006

Hearing held: July 28, 2006

**Appearances**

Dale Miller

Representing

Telesis Operating Co., Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Telesis Operating Co., Inc., ("Telesis") is seeking increased gas/oil ratio authority for its McGregor -3- Lease Well No. 1 to allow it to produce with a daily gas limit of 400 MCF.

**DISCUSSION OF THE EVIDENCE**

The Fort McKavitt (Lime 4150) Field was discovered in 1974 at a depth of 4144'. There are only two active wells left, both operated by Telesis. The top allowable is 93 BOPD and 186 MCF. The McGregor -3- Lease Well 1 has a penalized oil allowable of 18 BOPD due to its high reported gas/oil ratio of 10,116 cubic feet per barrel.

The McGregor -3- No. 1 was completed in the Fort McKavitt (Lime 4150) Field in July, 2005 and had an initial test rate of 9 BOPD, 108 MCFD and 14 BWPD. It was fracture stimulated in February, 2006, which increased the top daily rate to 52 BO, 526 MCF and 14 BW, on a rod pump. The well's perforations are from 4193'-4235' and cumulative production is 3402 BO and 50 MMCF. The well is being produced at a rate of 7 pump strokes per minute and this is keeping the fluid level approximately 100' above the top perforations. Between March 1 and June 30, 2006, the well produced at a maximum rate of 26 BOPD and 502 MCF, while the average daily rate was 16 BO and 353 MCF. The average water cut was 11%, and the average gas/oil ratio is now about 24,800 cubic feet per barrel.

Under the current gas limit of 186 MCFD, the well would have to be shut down for part of each month. After a shut-in, it would probably not return to the same producing rates. The rod pump and 11% water cut indicate the reservoir has little energy to be conserved and no waste will be caused by allowing this well to produce up to 400 MCFD.

The only other well in the Fort McKavitt (Lime 4150) Field is operated by Telesis and is over a mile away. It will not violate correlative rights to cancel overproduction for the McGregor -3- Lease Well No. 1.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to Telesis Operating Co., Inc., the only operator in the Fort McKavitt (Lime 4150) Field, on July 6, 2006.
2. The subject well, the Telesis Operating Co., Inc. McGregor -3- Lease, Well No. 1, was completed in the Fort McKavitt (Lime 4150) Field in 2005.
3. The subject well is producing from perforations between 4193' and 4235'.
4. The current allowable for the Fort McKavitt (Lime 4150) Field is 93 BOPD with 186 MCF of gas per day.
5. After fracture stimulation and installation of a rod pump in February, 2006, the subject well is averaging 16 BOPD, with 353 MCFD and 11 BWPD.
6. Cumulative production is 3402 BO and 50 MMCF.
7. It will encourage the recovery of salvage oil to permit the subject well to produce up to 400 MCFD.
8. Cancellation of overproduction for the Telesis Operating Co., Inc. McGregor -3- Lease Well No. 1 will not harm correlative rights.

### **CONCLUSIONS OF LAW**

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. An increase in daily gas limit for the Telesis Operating Co., Inc. McGregor -3- Lease, Well No. 1, to 400 MCF per day, while leaving the daily oil allowable at 93 barrels, will prevent waste and will protect correlative rights within the field.

### **EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that the McGregor -3- Lease, Well No. 1, operated by Telesis Operating Co., Inc. in the Fort McKavitt (Lime 4150) Field, be allowed to produce up to 400 MCF of gas per day without restricting the daily oil allowable to less than

93 barrels, as per the attached order.

Respectfully submitted,

Margaret Allen  
Technical Hearings Examiner