



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 03-0281245

THE APPLICATION OF CENTURY EXPLORATION HOUSTON, LLC TO CONSIDER AN MER ALLOWABLE FOR THE JACQUES LEASE, WELL NO. 2, VAN METER, EAST (YEGUA, DY) FIELD, HARDIN AND JASPER COUNTIES, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Marshall F. Enquist - Legal Examiner

HEARING DATE: April 26, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Rick Johnston

Century Exploration Houston, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Century Exploration Houston, LLC ("Century") requests approval of an MER allowable of 275 BOPD for its Jacques Lease, Well No. 2 (API No. 42-199-33346), Van Meter, East (Yegua, DY) Field, Hardin and Jasper Counties, Texas. Century also requests that all over-production for the well be canceled.

The application is unopposed and the examiners recommend approval of the requested 275 BOPD MER allowable and cancellation of all over-production for the Jacques Lease, Well No. 2, as requested by Century.

DISCUSSION OF EVIDENCE

The Jacques Lease, Well No. 2, was completed in the Van Meter, East (Yegua, DY) Field in May 2012 with perforations between 8,347 feet and 8,405 feet. On initial test, the well flowed on an 18/64" choke at a rate of 756 BOPD, 1,250 MCFGPD and 60 BWPD with a gas-oil ratio of 1,653 cubic feet per barrel. The top allowable in the field is the 1965 Yardstick Allowable of 157 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel. Century is the only operator in the field and the Jacques Lease, Well No. 2, is the second well carried on the oil proration schedule.

The Van Meter, East (Yegua, DY) Field was discovered by a 3-D seismic survey and has a strong water drive as the primary drive mechanism. The Jacques Lease, Well No. 2, produces with almost a 50% water cut and Century does not want to curtail the well and allow the water drive to encroach on the oil column. In March and April 2013, Century tested the well to determine its rate sensitivity. The average test results are summarized as follows:

<u>CHOKE SIZE</u>	<u>FTP (PSI)</u>	<u>OIL (BOPD)</u>	<u>WATER (BWPD)</u>	<u>GAS (MCFGPD)</u>	<u>GOR (CUFT/BBL)</u>
15/64"	635	189	122	403	2,129
20/64"	520	216	173	483	2,234
30/64"	450	247	146	525	2,126
40/64"	400	253	228	525	2,072

The testing indicates that the well produces more efficiently at higher oil rates. The gas-oil ratio was the lowest at the highest producing rate. Based on the testing results, Century requests an MER allowable of 275 BOPD.

Due to producing the well at rates in excess of its current allowable, the Jacques Lease, Well No. 2, is over-produced through February 2013 by 70,722 BO and 107,452 MCFG. Century requests that all over-production for the subject well 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 Jacques Lease, Well No. 2, was completed in the Van Meter, East (Yegua, DY) Field in May 2012 with perforations between 8,347 feet and 8,405 feet.
 - a. On initial test, the well flowed on an 18/64" choke at a rate of 756 BOPD, 1,250 MCFGPD and 60 BWPD with a gas-oil ratio of 1,653 cubic feet per barrel.
 - b. The top allowable in the field is the 1965 Yardstick Allowable of 157 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel.
 - c. Century Exploration Houston, LLC ("Century") is the only operator in the field and the Jacques Lease, Well No. 2, is the second well carried on the oil proration schedule.

3. The Van Meter, East (Yegua, DY) Field was discovered by a 3-D seismic survey and has a strong water drive as the primary drive mechanism.
4. The Jacques Lease, Well No. 2, produces more efficiently at higher oil rates.
 - a. On a 40/64" choke, the well produced 253 BOPD, 228 BWPD and 525 MCFGPD with a GOR of 2,072 cubic feet per barrel.
 - b. The gas-oil ratio was the lowest at the highest producing rate.
 - c. The well produces with almost a 50% water cut and Century does not want to curtail the well and allow the water drive to encroach on the oil column.
5. Due to producing the well at rates in excess of its current allowable, the Jacques Lease, Well No. 2, is over-produced through February 2013 by 70,722 BO and 107,452 MCFG.

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 an MER allowable of 275 BOPD and cancellation of all over-production for the Jacques Lease, Well No. 2, in the Van Meter, East (Yegua, DY) Field will prevent waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend approval of an MER allowable of 275 BOPD and cancellation of all over-production for the Jacques Lease, Well No. 2, as requested by Century Exploration Houston, LLC.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Marshall F. Enquist
Legal Examiner