



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7B-0294034

THE APPLICATION OF PEARSON, LEE ROY III PURSUANT TO 16 TEX. ADMIN. CODE §3.23 TO CONSIDER AUTHORITY TO INSTALL A VACUUM PUMP FOR THE WATSON, J.T. LEASE, WELL NO. 1, AUGUSTINE (LOWER RANGER) FIELD, EASTLAND COUNTY, TEXAS

HEARD BY: Brian Fancher, P.G. – Technical Examiner
Marshall F. Enquist – Legal Examiner

HEARING DATE: December 16, 2014
RECORD CLOSED: December 16, 2014
SUBMISSION DATE: December 17, 2014
CONFERENCE DATE: January 27, 2015

APPEARANCES:

REPRESENTING:

APPLICANT:

Lee Roy Pearson III

Self

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pearson, Lee Roy III ("LRP") seeks to place the subject well on vacuum, pursuant to Statewide Rule 23(2) [16 Tex. Admin. §3.23(2)]. LRP requests it be allowed to exert up to 15-inches of mercury on the J.T. Lease, Well No. 1 (API No. 42-133-80560) (the "subject well"), which is completed in the Augustine (Lower Ranger) Field, Eastland County, Texas. The application was noticed in accordance with Statewide Rule 23, and is unopposed. The examiners recommend approval, as requested by LRP.

DISCUSSION OF THE EVIDENCE

Statewide Rule 23(2) states:

“In a field which is depleted or practically depleted vacuum may be used, but no vacuum pump shall be installed or used without a permit from the commission obtained upon application after notice to adjacent lease owners and operators and a public hearing”.

Mr. Lee Roy Pearson III testified on behalf of his company, LRP. Commission records indicate that Mr. Pearson has held a P-5 since August 1997. Mr. Pearson is the owner listed for LRP, a sole proprietorship.

The November 2014 Proration Schedule indicates that LRP and Eastland Operating, LLC are the only operators in the subject field. However, Mr. Pearson indicated that LRP is the only active operator in the field at this time. The subject well was drilled in 1927, and has consistently produced oil and gas since that time. On November 12, 1993, the subject well was transferred from the Eastland County Regular Field to the subject field. The subject well is situated on a 40-acre tract in the southwest quarter of Section 37, Block 4, H.& T.C.R.R. Survey (A-215) in Eastland County (the “Watson Lease”). The subject well is the only producing well on the Watson Lease; however, the Watson Lease also includes the 8D Well, an injection well.

Mr. Pearson concluded that the subject well’s bottom-hole pressure ranges between 15 and 20 pounds per square inch gauge (“psig”). In other words, the subject field is practically depleted at the location of the subject well, which is the only active production well in the subject field. Mr. Pearson testified that a vacuum pump is necessary for the subject well to continue to produce hydrocarbons from the subject field because it is the only way to effectively and economically produce the well at this point in time. Otherwise, the remaining recoverable reserves will be abandoned. Mr. Pearson alleges that the associated gas (*i.e.*, casing-head gas) will not overcome the well’s respective gas gathering pipeline’s operating pressure. Thus, the subject well cannot continue to produce without the aide of a vacuum pump. Mr. Pearson stated that the only alternative to a vacuum pump on the subject well is to allow the produced casing-head gas to vent to the atmosphere, which would be unnecessary waste.

In summary, Mr. Pearson requests a permit to produce the subject well by means of a vacuum pump, and gas compressor, to lower the tubing pressure in the subject well below the well’s gas pipeline operating pressure. This will result in the well maintaining its current production rate of 5-8 barrels of oil per day, 15,000 cubic feet of casing-head gas per day, and 20-35 barrels of water per day. Mr. Pearson requests to pull a vacuum of up to 15-inches of mercury, or 15 points of vacuum. Mr. Pearson proposes to utilize a Quincy 270 vacuum pump. By granting the relief sought herein, Mr. Pearson believes that prevention of waste of the remaining recoverable hydrocarbons from the subject field will occur while protecting correlative rights.

FINDINGS OF FACT

1. Pearson, Lee Roy III (“LRP”) seeks to place the subject well on vacuum, pursuant to Statewide Rule 23(2) [16 Tex. Admin. §3.23(2)].

2. Notice of the subject application was provided to all adjacent offset operators and lease owners required to be noticed pursuant to Statewide Rule 23(2).
3. The use of a vacuum pump on the J.T. Lease, Well No. 1 (API No. 42-133-80560) (the "subject well") is appropriate:
 - a. The subject well exhibits a shut-in wellhead pressure that indicates the Augustine (Lower Ranger) Field, Eastland County, Texas, is practically depleted at the subject well's location.
 - b. LRP requests to place the subject well on a vacuum pump where the tubing pressure exceeds the line pressure of the subject well's gas gathering pipeline.
 - c. As a result of placing the subject well on a vacuum pump of up to 15-inches of mercury, recoverable reserves from the Augustine (Lower Ranger) Field, Eastland County, Texas, will not be abandoned.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval of LRP's subject application to Statewide Rule 23(2) will prevent waste by increasing the ultimate recovery from the subject well.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant LRP's subject application to place the J.T. Watson Lease, Well No. 1 on vacuum pump of up to 15-inches of mercury in the Augustine (Lower Ranger) Field, Eastland County, Texas.

Respectfully Submitted,


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Technical Examiner


Marshall F. Enquist
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