



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7B-0288226

THE APPLICATION OF LOWRANCE INC. PURSUANT TO 16 TEX. ADMIN. CODE §3.23 TO CONSIDER AUTHORITY TO INSTALL A VACUUM PUMP FOR THE VARIOUS LEASES, VARIOUS WELLS, VARIOUS FIELDS, EASTLAND AND STEPHENS COUNTIES, TEXAS

HEARD BY: Brian Fancher, P.G. – Technical Examiner
Laura Miles-Valdez – Legal Examiner

HEARING DATE: May 20, 2014
RECORD CLOSED: August 8, 2014
SUBMISSION DATE: March 28, 2015
CONFERENCE DATE: April 8, 2015

APPEARANCES:

REPRESENTING:

APPLICANT:

Jack Lowrance

Self, *pro se*

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This application is unopposed, and Applicant was the only party present at the hearing. Lowrance, Inc. ("LI") seeks approval from the Commission to place up to 12 vacuum pumps on 22 wells located on 12 leases and completed in 10 fields, pursuant to Statewide Rule 23(2) [16 Tex. Admin. §3.23(2)]. The subject wells to this application include the following:

<u>Lease Name</u>	<u>Well No.</u>	<u>Lease No.</u>	<u>Field</u>	<u>County</u>
Harrell	6	094666	Ledbetter (Ranger)	Stephens
McDonnell	1	162189	Bob-Fen (Ellenburger)	Eastland
McDonnell	2	28993	Kahan (Congl.)	Eastland
McDonnell	3	265377	Eastland Co. Reg.	Eastland
Monroe Walker	1	122112	REB (Marble Falls)	Eastland
Monroe Walker	3	30681	REB (Marble Falls)	Eastland

<u>Lease Name</u>	<u>Well No.</u>	<u>Lease No.</u>	<u>Field</u>	<u>County</u>
Monroe Walker	4	122114	REB (Marble Falls)	Eastland
E.J. Sneed	1	151343	REB (Marble Falls)	Eastland
E.J. Sneed	2	156683	REB (Marble Falls)	Eastland
D.J. West	1	151345	REB (Marble Falls)	Eastland
D.J. West	2	37756	Eastland, North (Congl.)	Eastland
D.J. West	3	087783	Eastland Co. Reg. (GAS)	Eastland
R.E. Beck	1	30682	REB (Marble Falls)	Eastland
Alexander	1	23960	Cisco (Congl. 3600)	Eastland
Alexander	2	113904	Cisco (Congl. 3600)	Eastland
R & R	1	18234	Cisco (Congl. 3600)	Eastland
R & R	2	18234	Cisco (Congl. 3600)	Eastland
D.B Warren	1	14929	Desdemona (Bressler Sand)	Eastland
Troy Roane	2A	16085	Desdemona (Bressler Sand)	Eastland
Mobile-Roane	1	112770	Desdemona (Bressler Sand)	Eastland
Reed	1	103381	JMJ (Marble Falls)	Eastland

LI requests that it be allowed to exert up to 20-inches of mercury on each of the subject wells through vacuum pump compression. Applicant submitted late-filed evidence on August 8, 2014, effectively closing the record for the captioned docket.

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. Jack Lowrance testified on behalf of his company, LI. Commission records indicate that LI has been an operator since August 1985. Mr. Lowrance is the president of LI.

Mr. Lowrance testified that the subject wells are older wells that were drilled in the 1980's, and have produced since that time. Mr. Lowrance claims that the respective field to each subject well is depleted¹; and, the subject wells do not produce at a rate that will overcome the surface pressure seen in the respective sales pipeline. As a result, LI has placed each of the subject wells on vacuum. In support of this position, Mr. Lowrance stated that a rule of thumb LI incorporates in its approach to operating production wells is whether a well will encounter a 24-hour shut-in pressure of 80 pounds per square inch absolute ("psia").² Mr. Lowrance testified that if a well's shut-in pressure will meet this rule of thumb, it can benefit from the addition of a vacuum pump. In conclusion, the subject wells meet Mr. Lowrance's rule of thumb.

¹ Testimony at 1:30 of audio recording. Generally, psia is used to clarify that the measured pressure is relative to a vacuum as opposed to atmospheric pressure.

² Testimony at 2:50.

LI proposes to use Quicy brand, model R-17 compressors on subject wells that currently produce up to five (5) thousand cubic feet of gas per day (“MCFGD”), and models 255 or 270 for subject wells that produce high gas volumes.³ Mr. Lowrance stated that in his opinion high volume wells are wells that naturally produce about 30 MCFGD. The subject wells produce rich gas that result with condensate liquids when stabilized. Mr. Lowrance testified that without the assistance of a vacuum pump, these wells will not produce.⁴

Mr. Lowrance stated that LI has operated the subject wells at the time LI purchased them in the 1990’s.⁵ Mr. Lowrance testified that certain school districts receive funds utilized for public education that originate from production from the subject wells.⁶

Mr. Lowrance contends that a vacuum pump is necessary for the subject wells to continue to produce hydrocarbons from their respective field’s because it is the only way to effectively and economically produce the wells. Otherwise, the majority of the subject wells will be plugged and abandoned, and the remaining recoverable reserves will be lost. Mr. Lowrance testified that properties operated by Ranger Gas Gathering, which offset some of the subject leases, were granted exception by the Commission to place its wells on vacuum pursuant to Statewide Rule 23.⁷

Mr. Lowrance testified that the captioned docket’s Notice of Hearing, dated April 14, 2014, was sent to all adjacent operators to each subject lease.

By granting the relief sought herein, Mr. Lowrance believes that prevention of waste of the remaining recoverable hydrocarbons from the subject fields will occur while protecting correlative rights.⁸

EXAMINERS’ DISCUSSION

This case is unusual. Although it was indicated that LI has actively produced the subject wells through means of vacuum pumps before it received authority from the Commission, the only issue considered in the captioned docket is whether or not LI should be granted exception to Statewide Rule 23 to place the subject wells on vacuum in order to prevent waste.

Based on the record evidence, the Examiners believe that LI has reasonably shown that its requested relief should be granted from the date the hearing was requested, onward.

³ Testimony at 15:20.

⁴ Testimony from 5:40 to 6:40.

⁵ Testimony at 19:10.

⁶ Testimony at 1:40.

⁷ Testimony at 14:05.

⁸ Testimony at 17:15.

FINDINGS OF FACT

1. Lowrance, Inc. ("LI") seeks to place the subject wells 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 subject wells have been on vacuum pump since the 1990's.
4. Without the use of vacuum on the subject wells, the wells do not sustain production in economic quantities, which would result in the untimely plugging of the wells.
5. The subject wells produce rich gas that result with condensate liquids when stabilized.
6. The use of a vacuum pump on the subject wells is appropriate.

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 LI's subject application to Statewide Rule 23(2) will prevent waste by increasing the ultimate recovery from the subject wells.

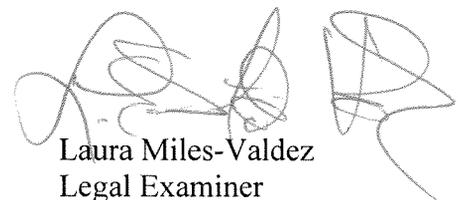
EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission GRANT Lowrance, Inc's subject application to place the subject wells on vacuum pump of up to 20-inches of mercury in the subject fields, Eastland and Stephens Counties, Texas.

Respectfully Submitted,



Brian Fancher, P.G.
Technical Examiner



Laura Miles-Valdez
Legal Examiner