

THE APPLICATION OF DOUBLE PLAY OIL & GAS, INC. TO CONSIDER INCREASED NET GOR AUTHORITY FOR THE MCNEILL NORTH WELL NO. 3T IN THE C.A. WINN (YEGUA 5320) FIELD, LIVE OAK COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on May 12, 2008

Appearances:

Rick Johnston

Representing:

Double Play Oil & Gas, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Double Play Oil & Gas, Inc. requests authority to produce its McNeill North Well No. 3T under increased net gas-oil ratio authority with a daily gas limit of 200 MCFD.

This application was unopposed and the examiner recommends approval of increased net gas-oil ratio authority with a daily gas limit of 200 MCFD.

DISCUSSION OF EVIDENCE

The C.A. Winn (Yegua 5320) Field was discovered in 1959 at a depth of 5,318 feet. The allowable in the field is 82 BOPD, with a casinghead gas limit of 164 MCFD per well.

The McNeill North Well No. 3T was completed in February 2007 with perforations between 5,175 feet and 5,216 feet. The well is a dually completed well producing thru the tubing. On initial test, the well produced at a rate of 68.5 BOPD, 194 MCF of gas and 2 BWPD flowing through a 12/64" choke with 860 psi flowing tubing pressure. Because the well was producing with a GOR of over 8,000 cuft/bbl, the well received a penalized oil allowable of 20 BOPD.

Production data indicates the reservoir is behaving like a small volumetric depletion reservoir. As the bottom hole pressure decreases, the GOR increases. Oil production has declined rapidly from 68 BOPD to a more current 20 BOPD. At the same time gas production has remain steady at a rate of 150 to 160 MCFPD. The GOR has increased from an average of 2,800 cuft/bbl to the current 8,000 cuft/bbl. At this rate the well will receive a penalized oil allowable of 20 BOPD. The well last produced near the oil and casinghead limits of 20 BOPD and 164 MCFPD. Producing thru the casing, the McNeill North Well No. 3C in the C.A. Winn, NE. (Hockley 4300) Field developed loading problems

and was recompleted to produce thru the tubing. The 3T well was shut-in on April 21, 2008, to allow the 3C well to produce thru the tubing. Double Play requests the increased net gas-oil ratio authority with a daily gas limit of 200 MCFD to produce the well in the future without a penalized oil allowable.

Restricting oil production from the well is not necessary to prevent waste.

The well has no accumulated overproduction as of July 31, 2008.

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 top allowable in the C.A. Winn (Yegua 5320) Field is 82 BOPD and 164 MCFD. There are no other producing oil wells in the field.
3. The McNeill North Well No. 3T was completed in February 2007 and produced at a rate of 68.5 BOPD, 194 MCF of gas and 2 BWPD flowing through a 12/64" choke with 860 psi flowing tubing pressure.
4. The McNeill North Well No. 3T receives a penalized oil allowable of 20 BOPD due to high GOR of 8,000 cu. ft/bbl.
5. Production data indicates the C.A. Winn (Yegua 5320) Field is a small volumetric depletion reservoir that has increasing GOR as bottom hole pressure declines.
6. The McNeill North Well No. 3T is currently shut-in as the well was recompleted to allow the McNeill North Well No. 3C to produce thru the tubing. The well will be produced in the future.
7. Restricting oil production from the well is not necessary to prevent waste.
8. The well has no accumulated overproduction as of July 31, 2008.

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 200 MCFD for the McNeill North, Well No. 3T in the C.A. Winn (Yegua 5320) Field will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the McNeill North, Well No. 3T in the C.A. Winn (Yegua 5320) Field be authorized to produce under net gas-oil ratio authority with a daily gas limit of 200 MCFD and that any accumulated overproduction for this lease be canceled.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner