

**OIL AND GAS DOCKET NO. 03-0256754**

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**THE APPLICATION OF ZACHRY EXPLORATION, LTD FOR A MER AND AN INCREASED NET GAS OIL RATIO FOR THE BP COUNTRY LANE LEASE WELL NO. 1 IN THE ARRIOLA DOME (6650 SAND) FIELD, HARDIN COUNTY, TEXAS**

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**Heard by:** Richard D. Atkins, P.E. - Technical Examiner

**Hearing Date:** June 30, 2008

**Appearances:**

**Representing:**

Clark Jobe  
Cary McGregor  
Ronald Rothe

Zachry Exploration, Ltd.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Zachry Exploration, Ltd. requests a MER of 160 BOPD and an increased net gas-oil ratio authority with a casinghead gas limit of 1,300 MCFGPD for its BP Country Lane Lease Well No. 1 in the Arriola Dome (6650 Sand) Field, Hardin County, Texas. Zachry also requests that all accumulated overproduction be cancelled for this well.

The application is unopposed and the examiner recommends approval of the requested MER, net gas-oil ratio authority and cancellation of overproduction.

**DISCUSSION OF EVIDENCE**

The BP Country Lane Lease Well No. 1 was completed in the Arriola Dome (6650 Sand) Field in June 2007 with perforations between 6,710 feet and 6,716 feet. On initial test, the well flowed on a 7/64" choke at a rate of 245 BOPD and 664 MCFGPD. The discovery allowable in the field is 200 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel. When the discovery allowable expires, the top yardstick allowable will be 111 BOPD.

The BP Country Lane Lease Well No. 1 is the only well completed in the Arriola Dome (6650 Sand) Field. The well is producing from a Yegua sand contained in a small fault block estimated to be less than 20 acres in areal extent. In addition, the well is

perforated in the bottom 7 feet of a 56 foot thick sand. There is one dry hole contained in the fault block and it is located approximately 900 feet to the north.

The BP Country Lane Lease Well No. 1 was tested at various rates during April through June 2008 to determine rate sensitivity. The choke was adjusted incrementally and the producing oil rate varied between 46 BOPD and 154 BOPD on average. The gas-oil ratio was fairly constant ranging only from 7,754 cubic feet per barrel to 9,109 cubic feet per barrel. The lowest GOR of 7,754 cubic feet per barrel was obtained while producing the well at the highest oil rate of 154 BOPD. On the smaller choke sizes, the well began to load up with fluid, as the flowing tubing pressure declined from 3,450 psia down to 3,200 psia.

Zachry Exploration, Ltd. requests a MER of 160 BOPD and an increased net gas-oil ratio authority with a casinghead gas limit of 1,300 MCFGPD for its BP Country Lane Lease Well No. 1 in the Arriola Dome (6650 Sand) Field. Zachry also requests that all accumulated overproduction be cancelled for this well.

#### **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 BP Country Lane Lease Well No. 1 was completed in the Arriola Dome (6650 Sand) Field in June 2007 with perforations between 6,710 feet and 6,716 feet.
3. The discovery allowable in the field is 200 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel. When the discovery allowable expires, the top yardstick allowable will be 111 BOPD.
4. The BP Country Lane Lease Well No. 1 is the only well completed in the Arriola Dome (6650 Sand) Field. The well is a flowing well and is capable of producing in excess of 150 BOPD and 1,200 MCFGPD.
5. The BP Country Lane Lease Well No. 1 is not rate sensitive. When the rate was varied between 154 BOPD and 46 BOPD, the gas-oil ratio was fairly constant ranging only from 7,754 cubic feet per barrel to 9,109 cubic feet per barrel.
6. The lowest GOR of 7,754 cubic feet per barrel was obtained while producing the well at the highest oil rate of 154 BOPD.

7. On the smaller choke sizes, the well begins to load up with fluid, as the flowing tubing pressure declines from 3,450 psia down to 3,200 psia.
8. Producing the BP Country Lane Lease Well No. 1 at rates up to 160 BOPD and 1,300 MCFGPD will not cause waste.

**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 a MER of 160 BOPD, an increased net gas-oil ratio authority with a casinghead gas limit of 1,300 MCFGPD and cancellation of overproduction for the BP Country Lane Lease Well No. 1 in the Arriola Dome (6650 Sand) Field will not cause waste and will not harm correlative rights.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiner recommends approval of a MER of 160 BOPD, an increased net gas-oil ratio authority with a casinghead gas limit of 1,300 MCFGPD and cancellation of overproduction for the BP Country Lane Lease Well No. 1 in the Arriola Dome (6650 Sand) Field, Hardin County, Texas.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner