

OIL AND GAS DOCKET NO. 7C-0253741

THE APPLICATION OF BC OPERATING, INC. TO CONSIDER AN MER ALLOWABLE FOR THE PINK DRAW NORTH WELL NO. 1 IN THE JONED (FUSSELMAN) FIELD, REAGAN COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on December 14, 2007

Appearances:

Paul Tough
Matthew Baab
Jerry Vavrek
Brandon Black

Representing:

BC Operating, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

BC Operating, Inc. requests that an MER allowable of 300 BOPD be established for its Pink Draw North Well No. 1 in the Joned (Fusselman) Field. BC Operating also requests that all accumulated overproduction be cancelled for this lease.

The application is unopposed and the examiner recommends approval of the requested MER and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Joned (Fusselman) Field was discovered in 1999 and has a top allowable of 172 BOPD. The Pink Draw North Well No. 1 is the only producing oil well in the field and BC Operating is the only operator in the field. The field is governed by Statewide rules.

When BC Operating purchased the Pink Draw North Well No. 1, it was a flowing well producing approximately 40 BOPD. The well was recompleted in August 2007 by installing an electrical submersible pump (ESP). The well produced at a rate of 355 BOPD, 189 MCFD and 500 BWPD after the ESP was installed. The well produces from perforations between 9,844 and 9,848 feet in the Fusselman Limestone, the field is believed to have a

moderate water drive. Over time, the oil production has decreased somewhat, with a maximum rate of 389 BOPD in August 2007 and current rate of 200 BOPD. The electrical pump rate was increased from 55 Hz to 62 Hz. BC Operating was unable to test the well below the top allowable of 172 BOPD as the lowest pump setting of 55 Hz produced oil at a rate of 300 BOPD. The average oil rate initially varied from 300 BOPD to 400 BOPD. The producing gas-oil ratio is low and remained nearly constant at a rate between 700-900 cubic feet per barrel, regardless of rate. BC Operating believes that producing the well at capacity (up to 300 BOPD) will not harm the reservoir as the reservoir as this is a one well field with a moderate water drive.

The well is overproduced an estimated 4,733 BO as of February 11, 2008. BC Operating requests that this overage be cancelled.

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 Joned (Fusselman) Field was discovered in 1999 and has a top allowable of 172 BOPD. The field has a moderate water drive.
3. The Pink Draw North Well No. 1 was recompleted in August 2007 by installing an electrical submersible pump and produced at a rate of 350 BOPD, 189 MCFD and 500 BWPD afterwards.
4. The well produces with an electrical submersible pump (ESP).
 - a. The maximum oil rate of 389 BOPD was in August 2007.
 - b. The pump rate was varied from 55 Hz to 62 Hz.
 - c. The producing gas-oil ratio is low, 700-900 cubic feet per barrel, regardless of rate.
5. The well is overproduced approximately 4,733 BO as of February 11, 2008. Cancellation of this overage will not harm correlative rights.

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 of 300 BOPD for the Pink Draw North Well No. 1 and cancellation of overproduction for the well in the Joned (Fusselman) Field will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of an MER of 300 BOPD and cancellation of overproduction for the Pink Draw North Well No. 1 in the Joned (Fusselman) Field in Reagan County, Texas.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner