

OIL AND GAS DOCKET NO. 04-0254849

THE APPLICATION OF KERR MCGEE OIL AND GAS ONSHORE, LP TO INCREASE THE GAS-OIL RATIO FOR THE RINCON (VICKSBURG UPPER 5480) FIELD, STARR COUNTY, TEXAS

Heard by: Donna K. Chandler on March 5, 2009

Appearances:

Ana Maria Marsland-Griffith
David Christian

John Soule

Representing:

Kerr McGee Oil and Gas Onshore, LP

Texas Independent Exploration Ltd.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Kerr McGee Oil and Gas Onshore, LP requests that the permissible gas-oil ratio for the Rincon (Vicksburg Upper 5480) Field be increased from 2,000 cubic feet per barrel to 5,000 cubic feet per barrel. This application was unopposed and the examiner recommends approval of the requested gas-oil ratio rule for the field. It is also recommended that all overproduction as of January 31, 2009 be canceled.

This application was unopposed and the examiner recommends approval as requested.

DISCUSSION OF THE EVIDENCE

The Rincon (Vicksburg Upper 5480) Field was separated from the Rincon (Vicksburg 5480) Field by Commission order in Docket No. 04-0221101 on October 29, 1999. The Rincon (Vicksburg Upper 5480) Field is an associated field with one oil well and three gas wells. The gas field is classified as associated-49(b) and the calculated 49(b) allowable for gas wells is 260 MCFD. The top allowable for oil wells is 102 BOPD and 204 MCFD. Kerr McGee operates the gas wells and Texas Independent operates the oil well.

Texas Independent tested its La Brisa No. 9104, targeting a rate of 566 MCFD, which would be the calculated 49(b) allowable under a 5,000:1 GOR rule. The No. 9104 was tested for 30 days at this rate and the gas-oil ratio was fairly constant, with an average

OIL AND GAS DOCKET NO. 04-0254849

of 10,600 cubic feet per barrel. The average rate was 48 BOPD and 510 MCFD. This well is currently assigned a penalized allowable of 19 BOPD based on high GOR. Prior to the testing, the well had been produced for several years at a rate of 200-300 MCFD. The gas-oil ratio during that period was 10,000-15,000 cubic feet per barrel. The testing demonstrated that producing at a higher rate does not adversely affect the producing gas-oil ratio.

Kerr-McGee tested its La Brisa No. 1AC gas well for 30 days. This well produced at an average rate of 544 MCFD, with condensate production reported only on 5 days of the test. Prior production from this well had been restricted to the 49(b) allowable of 266 MCFD for several years. Testing at the higher rate did not demonstrate any affect on condensate production from the well. Condensate production from the well has been marginal over the life of the well.

Kerr-McGee requests that all overproduction through January 31, 2009 be canceled. This would include overage accrued during the testing of the two wells.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Rincon (Vicksburg Upper 5480) Field is an associated field with one oil well and three gas wells. The gas field is classified as associated-49(b) and the calculated 49(b) allowable for gas wells is 260 MCFD. The top allowable for oil wells is 102 BOPD and 204 MCFD.
3. Increasing the permitted gas-oil ratio to 5,000 cubic feet per barrel will not cause waste in the subject field.
 - a. Implementation of a 5,000:1 GOR rule will result in a casinghead gas limit of 510 MCFD for oil wells and a 49(b) allowable of 566 MCFD for gas wells.
 - b. Testing of the La Brisa No. 9104 oil well at approximately 510 MCFD did not result in a higher gas-oil ratio, compared to when the well was produced at only 204 MCFD for several years.
 - c. Testing of the La Brisa No. 1AC gas well at approximately 544 MCFD did not affect the rate of condensate production from the well.
4. Cancellation of all accumulated overproduction through January 31, 2009 will not harm correlative rights or cause waste.

OIL AND GAS DOCKET NO. 04-0254849

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Amending the permissible gas-oil ratio to 5,000 cubic feet per barrel and canceling overproduction in the Rincon (Vicksburg Upper 5480) Field will not cause waste or harm correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the permissible gas-oil ratio for the field be Rincon (Vicksburg Upper 5480) Field be set at 5,000 cubic feet per barrel. It is further recommended that all overproduction in the field through January 31, 2009 be canceled.

Respectfully submitted,

Donna K. Chandler
Technical Hearings Examiner