



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0305932

THE APPLICATION OF ESCONDIDO RESOURCES OPER CO, LLC TO CONSIDER A NEW GAS-OIL RATIO AND CANCEL ACCRUED OVERPRODUCTION FOR THE STOREY UNIT B LEASE (NO. 18416), TRES ENCANTO (ESCONDIDO) FIELD, LA SALLE COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Ryan M. Lammert – Administrative Law Judge

HEARING DATE: September 18, 2017

CONFERENCE DATE: November 7, 2017

APPEARANCES:

APPLICANT:

James Clark, P.E.

REPRESENTING:

Escondido Resources Oper Co, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Escondido Resources Oper Co, LLC ("Escondido") applied for a new gas-oil ratio ("GOR") and to cancel accrued over production for its Storey Unit B Lease (No. 18416) in the Tres Encanto (Escondido) Field, La Salle County, Texas. At the hearing, Escondido withdrew its request for a new GOR, but maintained its application to cancel overproduction. The application was not protested. The technical examiner and administrative law judge ("Examiners") recommend the application be granted.

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 the hearing.
2. The Storey Unit B Well No. 6H (API No. 42-283-33547) was completed on February 22, 2013, in the Tres Encanto (Escondido) Field. On initial potential testing the Storey Unit B Well No. 6H produced 300 barrels of oil and 1,989 mcf gas, for a GOR of 6,630 standard cubic feet per barrel.

3. The Storey Unit B Well No. 7H (API No. 42-283-33500) was completed on February 27, 2013, in the Tres Encanto (Escondido) Field. On initial potential testing the Storey Unit B Well No. 7H produced 527 barrels of oil and 1,044 mcf gas, for a GOR of 1,981 standard cubic feet per barrel.
4. On June 30, 2017, the Commission notified Escondido that the Storey Unit B Lease (No. 18416) was overproduced 450,544 thousand cubic feet ("mcf") of gas.
5. Escondido has filed an adjusted acreage assignment on the Storey Unit B Lease so that well No. 6H may hold 180 acres and well No. 7H may hold 101.69 acres.
6. The acreage reassignment will adjust the allowables for the two wells such that there will be no continued over production going forward.
7. Escondido has withdrawn its application for a new GOR for the Storey Unit B Lease.
8. Canceling the accrued overproduction will enable Escondido to continue to produce hydrocarbons from the Storey Unit B Lease.
9. Canceling the accrued overproduction will not cause waste or harm correlative rights.
10. At the hearing, the applicant agreed on the record that a Final Order in this case is to be effective when the Master Order is signed.

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code §81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code §§1.42 and 1.45.
3. Approval of the application will prevent waste and protect correlative rights.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on November 7, 2017.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of Escondido Resources Oper Co, LLC to cancel accrued over production for its Storey Unit B Lease (No. 18416) in the Tres Encanto (Escondido) Field, La Salle County, Texas.

Respectfully submitted,



Paul Dubois
Technical Examiner



Ryan M. Lammert
Administrative Law Judge