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RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 03-0322422

APPLICATION OF FOUNDATION ENERGY MANAGEMENT LLC (280875) TO CONSIDER AN MER ALLOWABLE FOR THE F.P. ELLIOT (27510) LEASE, WELL NO. 14, SILSBEE (2) (83584885) FIELD, HARDING COUNTY, TEXAS

HEARD BY: Petar Buva – Technical Examiner
Jennifer N. Cook – Administrative Law Judge

HEARING DATE: November 15, 2019
CONFERENCE DATE: January 14, 2020

APPEARANCES: Dale Miller
REPRESENTING: Foundation Energy Management, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Foundation Energy Management, LLC ("Foundation") requests to increase the oil allowable for the F. P. Elliot Lease (27510), Well No. 14, from 91 barrels of oil per day ("BOPD") to 110 BOPD in the Silsbee (2) (83584885) Field, in Hardin County, Texas, and cancel overproduction. There are no other operators in the field. The application is unopposed and the Administrative Law Judge and Technical Examiner (collectively, "Examiners"), recommend approval of the application.

DISCUSSION OF THE EVIDENCE

Foundation completed Well No. 14, F.P. Elliot Lease, on December 28, 2018. The well is currently being jet pumped, and Foundation has produced the well on a 21/64ths inch choke since the end of January and recently increased the choke size to a 22/64ths inch choke in August. Foundation believes this is the best possible manner to continue to be able to produce the well at the maximum oil potential.

The initial potential test for Well No. 14, dated December 31, 2018, shows the rates were 150 BODP, 113 thousand cubic feet per day ("MCFPD") of gas, and 45 barrels of water per day ("BWPD"). The reservoir is highly permeable, and the well log for Well No. 14, API 42-199-33604, shows the gross producing section is approximately 12 feet thick.

This well was initially allowed to flow naturally. The jet pump was installed after one month of production on January 31, 2019, as the flowing pressure declined and could not effectively and efficiently unload the wellbore. The well was placed on jet pump as it produces a large amount of saltwater with the oil and gas production. The well does not make much casinghead gas, so it needs the assistance of the jet pump to bring all of the fluids to the surface.

Currently, the top allowable for the well is 91 BOPD and 182 MCFPD. From a review of the daily production data, to efficiently produce the well Foundation is requesting an MER allowable of 110 BOPD with the normal GOR of 2000 cf/bbl for a 220 MCFPD daily gas limit. The applicant maintains that granting this proposed top allowable should prevent any additional unnecessary shut-ins of the well. Foundation is the only operator in the field, and there are no adverse effects from allowing this rate of production.

In addition to the requested increase in the daily oil and gas allowable, Foundation is requesting that all overproduction accrued on the F. P. Elliot Lease be cancelled. Since the filing of the hearing request, the well had some mechanical problems associated with the jet pump, and the accrued overage amount was made up during the month of October. However, since the time the hearing request was filed until the date of the final order for this docket, there may be some overproduction that should be cancelled.

Foundation agreed on the record, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

FINDINGS OF FACT

1. Foundation is the only operator in the field and no protests were received.
2. F. P. Elliot Lease (27510), Well No. 14 was completed on December 28, 2018.
3. The initial potential test for Well No. 14, dated December 31, 2018, shows 150 BODP, 113 MCFPD, and 45 BWPD.
4. The current daily allowable for Well No. 14 is 91 BOPD of oil and 182 MCFPD 133 of gas.
5. To prevent waste, Foundation requests 110 BOPD with the normal GOR of 2000 CuFt/Bbl for a 220 MCFPD daily gas limit.

6. Foundation requests cancellation of all overproduction accrued on the F. P. Elliot Lease.
7. Foundation agreed in writing or on the record, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval of a MER of 110 BOPD for the F. P. Elliot Lease and cancellation of overproduction will prevent waste.
4. Pursuant to §2001.144(a)(4)(A) of the Texas Government Code and by agreement of the parties in writing or on the record, the Final Order can be final and effective when a Master Order relating to this Final Order is signed.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend a MER of 110 BOPD for the F. P. Elliot Lease, and cancellation of overproduction.

Respectfully submitted,



Petar Buva
Technical Examiner



Jennifer N. Cook
Administrative Law Judge

