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“Establishment of an industry-Driven Consortium focused on
Improving the Production Performance of Domestic Stripper
Wells”

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ABSTRACT

The Pennsylvania State University, under contract to the U.S. Department of Energy, National Energy Technology Laboratory will establish, promote, and manage a national industry-driven Stripper Well Consortium (SWC) that will be focused on improving the production performance of domestic petroleum and/or natural gas stripper wells. The consortium creates a partnership with the U.S. petroleum and natural gas industries and trade associations, state funding agencies, academia, and the National Energy Technology Laboratory.

This report serves as the seventh quarterly technical progress report for the SWC. Key activities for this reporting period include: 1) issuing subcontracts for the 2002 SWC projects, 2) SWC membership class expansion, and 3) planning SWC technology transfer meetings.

In addition, a literature search that focuses on the use of lasers, microwaves, and acoustics for potential stripper well applications continued.

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1.0 INTRODUCTION

The Pennsylvania State University, under contract to the U.S. Department of Energy (DOE), National Energy Technology Laboratory (NETL), is in the process of establishing an industry-driven stripper well consortium that will be focused on improving the production performance of domestic petroleum and/or natural gas stripper wells. Industry-driven consortia provide a cost-efficient vehicle for developing, transferring, and deploying new technologies into the private sector. The Stripper Well Consortium (SWC) will create a partnership with the U.S. petroleum and natural gas industries and trade associations, state funding agencies, academia, the National Energy Technology Laboratory, and the National Petroleum Technology Office.

Consortium technology development research will be conducted in the areas of reservoir remediation, wellbore clean up, and surface system optimization. Consortium members elected an Executive Council that will be charged with reviewing projects for consortium co-funding. Proposals must address improving the production performance of stripper wells and must provide significant cost share. The process of having industry develop, review, and select projects for funding will ensure that the consortium conducts research that is relevant and timely to industry. Co-funding of projects using external sources of funding will be sought to ensure that consortium funds are highly leveraged.

2.0 EXPERIMENTAL

A description of experimental methods is required by the DOE for all quarterly technical progress reports. In this program, Penn State is responsible for establishing and managing an industry-driven stripper well consortium. Technology development research awards are made on a competitive basis. Therefore, this section is not applicable to the Penn State contracted activities. Technical reports from the individual researchers will be required to contain an experimental discussion section and will be submitted to consortium members and DOE for their review.

3.0 RESULTS AND DISCUSSION

During the last reporting period, the SWC focused the following: 1) issuing subcontracts for the 2002 SWC projects, 2) SWC membership class expansion, and 3) planning upcoming SWC technology transfer meetings.

3.1 SWC Contracts

Upon Executive Council approval to co-fund SWC projects, Penn State begins the process of issuing subcontracts to each awardee. During this reporting period, Penn State's College of Earth and Mineral Sciences and Penn State's Office of Sponsored Programs have worked with SWC project awardees to get their respective subcontracts in place. The one-year subcontracts have a period of performance from May 15, 2002 to May 14, 2003. A total of 14 subcontracts have been processed. Nearly all subcontracts are in place.

3.2 SWC Membership Class Expansion

The SWC is committed to growing and diversifying its membership base to ensure that the Consortium is industry-driven and that the nation's stripper well operators are aware of the technologies currently under development by the Consortium. Two separate activities are underway to ensure that the Consortium is as inclusive as possible.

First, an endorsing membership is being drafted which will enable Federal agencies (e.g. DOE Rocky Mountain Oil Field Testing Center-RMOTC) to formally participate in the Consortium. Presently, RMOTC cannot formally participate in the Consortium because their membership fee would utilize federal funds. This process is ongoing.

Secondly, the Consortium is considering the use of a limited block membership structure to allow affiliate members to designate a block of producers at a discounted annual rate. The current structure would permit affiliate members to procure a block of memberships in an effort to assist stripper well operators that may be financially unable to participate in the consortium. The Consortium is working with the Oklahoma Marginal Well Commission to draft the change to the SWC Constitution & Bylaws.

Both of these changes will require the approval of the SWC Executive Council and program sponsors.

3.3 UPCOMING TECHNOLOGY TRANSFER MEETINGS

The SWC will organize and host two regional fall technology transfer meetings. In addition to the SWC technology transfer meetings, the Consortium will participate in regional producer meetings whenever possible.

The Consortium will provide a program overview and discussion on selected projects at the upcoming meetings:

- IOGA of New York (July 2002)
- Pennsylvania Oil & Gas Association (September 2002)

In addition to these meetings, the Consortium is beginning to organize its fall technology transfer meetings. This year, the Consortium will organize and host two regional technology transfer meetings. These two regional meetings are needed to ensure that local producers are aware of the technologies being developed by the Consortium. As the SWC membership becomes more geographically diverse, the Consortium will need to host regional technology transfer meetings rather than a single centralized one. The first meeting will be held in Oklahoma City, OK on October 17-18, 2002. The Consortium is working with the Oklahoma Marginal Well Commission to organize this meeting. The second meeting will be held in Pittsburgh, PA on November 12-13, 2002. The Consortium is working with the Independent Oil & Gas Association (IOGA) of Pennsylvania to organize this meeting.

4.0 CONCLUSIONS

During this reporting period, the Consortium focused on issuing subcontracts for the 2002 projects. Fourteen subcontracts are in the process of being issued. These subcontracts have a period of performance from May 15, 2002 to May 14, 2003.

The Consortium is also considering slightly modifying its Constitution & Bylaws as stated in Section 3.2. These changes are meant to attract involvement of the agencies that support stripper well technologies and to broaden the base of producer support.

5.0 REFERENCES

A listing of referenced materials is required by the DOE for each quarterly technical progress report. This technical progress for the SWC did not utilize any reference material