

OIL AND GAS DOCKET NO. 7C-0250293

THE APPLICATION OF SOUTHWEST ROYALTIES, INC. TO ESTABLISH AN MER FOR THE R.S. WINDHAM "C" LEASE WELL NO. 3 IN THE SPRABERRY (TREND AREA) FIELD, UPTON COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on March 13, 2007

Appearances:

Dick Marshall
Greg Cloud

Representing:

Southwest Royalties, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Southwest Royalties, Inc. requests an MER of 400 BOPD for its R.S. Windham "C" No. 3 in the Spraberry (Trend Area) Field. Southwest also requested that the overage for the R.S. Windham "C" No. 3 be cancelled.

The application is unopposed and the examiner recommends approval of the requested MER for the R.S. Windham "C" No. 3 and cancellation of overproduction for lease.

DISCUSSION OF EVIDENCE

The Spraberry (Trend Area) Field was discovered in 1952 and production is from the Penn Lime formation. The top allowable in the field is 121 BOPD, with an allowable gas-oil ratio of 4,000 cubic feet per barrel.

Under the density and allocation rules for the Spraberry (Trend Area) Field, the top allowable for the R.S. Windham "C" No. 3 would be 121 BOPD, based on an assignment of 80 acres to the well. The R.S. Windham "C" No. 3 was completed in January 2007 with an initial potential of 525 BOPD, 701 MCFD and 0 BWPD. The well was tested at various rates during January and February to determine rate sensitivity. The choke was adjusted incrementally from 14/64" to 5/64" and the producing rate varied between 126 BOPD and 361 BOPD, on average with a top rate of 405 BOPD. The gas-oil ratio was very constant, ranging only from 1,180 cubic feet per barrel to 1,336 cubic feet per barrel. Southwest requests an MER of 400 BOPD for this well and cancellation of any overproduction that may exist.

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 Spraberry (Trend Area) Field was discovered in 1952 the top allowable in the field is 121 BOPD for a well with 80 acres, with an allowable gas-oil ratio of 4,000 cubic feet per barrel.
3. For the R.S. Windham "C" No. 3, the top allowable is 121 BOPD, based on an assignment of 80 acres to the well.
4. The R.S. Windham "C" No. 3 is a flowing well and is not rate sensitive. When the rate was varied between 126 BOPD and 361 BOPD, the gas-oil ratio was very constant, ranging only from 1,180 cubic feet per barrel to 1,336 cubic feet per barrel.
5. Cancellation of any overproduction for the subject lease 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 400 BOPD per well on the R.S. Windham "C" No. 3 and cancellation of any overproduction for the R.S. Windham "C" lease in the Spraberry (Trend Area) Field won't 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 400 BOPD for the R.S. Windham "C" No. 3 in the Spraberry (Trend Area) Field. It is also recommended that all overproduction for the R.S. Windham "C" lease be cancelled.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner