

OIL AND GAS DOCKET NO. 08-0227089

THE APPLICATION OF HUNT OIL COMPANY FOR AN MER OIL ALLOWABLE FOR ITS J. M. WHITE "A" LEASE, WELL NO. 2, MEANS FIELD, ANDREWS COUNTY.

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: January 11, 2001

Hearing held: February 2, 2001

Appearances

H. Philip Whitworth
David Luttner

Representing
Hunt Oil Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Hunt Oil is requesting an MER for its J.M White "A" Lease, Well No. 2, in the Means Field to allow the well to produce up to 210 BOPD.

DISCUSSION OF THE EVIDENCE

The Means Field was discovered in 1934 and has several hundred wells. The field's top oil allowable is 93 barrels of oil per day, but most of the Means wells have been undergoing tertiary recovery by CO2 injection and have capacity allowables. In 1997, the predecessor to Triumph Exploration drilled a well on the northwest side of the field that encountered good production. Triumph now operates five wells on two leases on the northwest side of the field.

All five of Triumph's wells have been granted increased oil allowables. Triumph's Jed Clampett Lease Well No. 1 received an MER of 190 BOPD on November 25, 1997, under Oil & Gas Docket No. 08-0217226. On July 11, 2000, a Final Order in Oil & Gas Docket No. 08-0224814 granted all of the wells on Triumph's Jed Clampett and Jed Clampett "A" Leases MERs of 190 BOPD. These two leases have cumulative production of 211,480 BO; 1,071,000 BW and 120 MMCF of gas. The wells produce with high water cuts and gas/oil ratios of less than 500 cubic feet per barrel.

Hunt has operated leases in this multi-pay area for decades but did not pay much attention to the San Andres prior to the new development on Triumph's leases. Hunt drilled its J.M. White "A" Lease Well No. 2 just to the northwest of the Triumph leases, in October of 2000. This well is perforated from 4596 to 4599 feet and from 4608 to 4690 feet, just below the top of the San Andres

which is at 4582 feet. Production began November 3, but could not be stabilized at first. The well was fracture stimulated in mid-December. Since then, production has been intermittent due, at least in part, to weather-related shut-downs. During the last 12 days of January, production finally stabilized, with the well pumping at an average daily rate of 214 barrels of oil and 300 barrels of water. Hunt testified that the pump cannot be operated efficiently at the allowable rate of 93 BOPD, and an increase in the well's allowable will not cause waste.

Either the reservoir has not been fully drained despite its 65-year producing history, and/or gas injection in wells two miles away has increased the reservoir pressure on the J.M White "A" Lease. Hunt is requesting an MER of 210 barrels per day and that any oil overproduction its White "A" No. 2 accumulated during its first three months of production be canceled. Hunt has already drilled a second well on the White "A" Lease and plans to drill additional wells for the Means Field.

FINDINGS OF FACT

1. Notice of this hearing was mailed to all operators in the Means Field, on January 22, 2001, and no one protested.
2. The allowable for wells in this field is 93 BOPD but most wells are on capacity allowables due to tertiary carbon dioxide flooding.
3. The Means Field has had hundred of wells drilled since 1934, but five recent wells drilled on two leases on the northwest side of the field have encountered excellent initial production.
4. All five of these new wells have MERs allowing them to produce up to 190 BOPD, and their cumulative production since 1997 is 211,480 BO; 1,071,000 BW and 120 MMCF of gas.
5. The subject well, the J.M. White "A" Lease Well No. 2, was put on production in November of 2000.
6. Well No. 2 encountered the top of the San Andres at 4582 feet, and is perforated from 4596 to 4599 feet and from 4608 to 4690 feet.
7. Production from Well No. 2 stabilized at the end of January, with the well pumping at an average rate of 214 barrels of oil and 300 barrels of water per day.
8. The pump on Well No. 2 cannot be operated efficiently at a daily rate of 93 barrels of oil and increasing the daily allowable to 210 BOPD will not cause waste.
9. Requiring this well to make up overproduction is not necessary to protect correlative rights.

CONCLUSIONS OF LAW

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. The requested increase in oil allowable for the J.M White "A" Lease Well No. 2 will not cause waste and will protect correlative rights within the field.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the Hunt Oil Company J.M. White "A" Lease, Well No. 2, Means Field, be allowed to produce up to 210 barrels of oil per day. All overproduction for this well should be canceled.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner

Date of Commission Action: February 22nd, 2001

Exhibits

1. Map
2. Proration schedule
3. Log
4. Production plot of Triumph's wells
5. Production ledger of Triumph's wells
- 6.7. MER orders for Triumph's leases
8. Test data of Well No. 2
9. Graph of Well No. 2 production