

OIL AND GAS DOCKET NO. 08-0227336

THE APPLICATION OF HUNT OIL COMPANY FOR AN MER OIL ALLOWABLE FOR ITS J. M. WHITE LEASE, WELL NO. 5, MEANS FIELD, ANDREWS COUNTY

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: January 29, 2001

Hearing held: March 1, 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 Lease, Well No. 5, in the Means Field to allow the well to produce up to 435 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. Triumph is planning additional wells to the east of Hunt's leases.

Hunt 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's first San Andres well in the area, the J.M. White "A" Lease Well No. 2, was completed in October of 2000. This well received an MER of 210 BOPD, effective February 22, 2001, under Docket No. 08-0227089.

Hunt completed the J.M. White No. 5, just to the north of the J.M. White "A" No. 2, during January, 2001. This well is perforated from 4594 to 4600 feet and from 4618 to 4680 feet, just below the top of the San Andres which is at 4583 feet. The well was fracture stimulated and began producing January 26. The well must be pumped to produce but the fluid level rises rapidly if the pump is shut down. Between January 26 and February 26, 2001, the well averaged about 450 BOPD. During this time, the gas/oil ratio has declined from a high of about 700 to about 500 cubic feet per barrel, and the oil cut increased from 58% to 66%.

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. The applicant requested an MER of 435 barrels of oil per day, which is the average rate from the most recent seven days of production. Hunt is also requesting that any oil overproduction its White No. 5 accumulated during its first three months of production be canceled.

FINDINGS OF FACT

1. Notice of this hearing was mailed to all operators in the Means Field, on February 16, 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 produced from hundreds of wells since 1934, but five Triumph wells and one recent Hunt well on the northwest side of the field have encountered an undrained area.
4. All five of Triumph's wells have MERs allowing them to produce up to 190 BOPD, and Hunt's J.M. White "A" Lease Well No. 2 has an MER of 210 BOPD.
5. The subject well, the J.M. White Lease Well No. 5, was put on production in January of 2001.
6. Well No. 5 encountered the top of the San Andres at 4583 feet, and is perforated from 4594 to 4600 feet and from 4618 to 4680 feet.
7. Daily production from Well No. 5 between January 26 and February 26, 2001, indicates that the well can be pumped at a rate of 435 barrels of oil per day without causing waste.
 - a. During this time the gas/oil ratio declined from a high of about 700 to about 500 cubic feet per barrel, and the oil cut increased from 58% to 66%.
 - b. The well must be pumped to produce but the fluid level rises when the pump is shut

down.

- c. The pump on Well No. 5 cannot be operated efficiently at a daily rate of 93 barrels of oil.
8. 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 Lease Well No. 5 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 Lease, Well No. 5, Means Field, be allowed to produce up to 435 barrels of oil per day. All overproduction for this well should be canceled.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner

Date of Commission Action: March 20, 2001

Exhibits

1. Map
2. Proration schedule
3. Log
4. Production plot of Triumph's wells
5. Production ledger of Triumph's wells
6. Production ledger of Triumph's leases
- 7, 8. MER orders for Triumph's leases
9. MER order for Hunt J.M. White "A" Lease Well No. 2
10. Daily production data of Well No. 5
11. Graph of Well No. 5 production