

OIL AND GAS DOCKET NO. 8A-0224867

THE APPLICATION OF MEDDERS OIL COMPANY FOR MER AUTHORITY FOR ITS FORKS CCC LEASE WELL NO. 1 IN THE BALT (TANNEHILL) FIELD, KING COUNTY, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: May 15, 2000

Hearing held: July 7, 2000

Appearances

Glenn Johnson
Bryant Medders

Representing
Medders Oil Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Medders Oil is requesting an MER determination for its Forks CCC Lease Well No. 1, Balt (Tannehill) Field, King County, Texas. The maximum requested daily production is 180 barrels of oil, and Medders is also seeking to have all overproduction canceled.

DISCUSSION OF THE EVIDENCE

The Balt (Tannehill) Field was discovered in 1996, and now has 10 prorated wells, all operated by the applicant. Field rules were adopted June 13, 1996, which provided for 80 acre density and a yardstick allowable of 144 barrel of oil per day. The field wells, except for the Forks CCC Lease Well No. 1, produce less than 60 barrels of oil per day and cumulative production from the these wells is 305,000 BO and 1700 MCF of gas.

The subject well was drilled in January of 2000, and is almost two miles southwest of the other wells in the Balt (Tannehill) Field. The Tannehill produces from lenticular strata and the applicant believes that the subject well is completed in a different reservoir than the other wells in the field. The Forks CCC Well No. 1 was perforated from 3762 to 3776 feet and had an initial potential of 175 BOPD, which is much higher than the current producing rate of the other wells.

The Forks CCC No. 1 is continuing to produce at greater rates than do the other Balt (Tannehill) wells. Cumulative production from the Fork CCC Well No. 1 through the first four months is 19,000 barrels of oil and the well is now pumping 170 to 180 BOPD at a rate of 12 strokes

per minute. Between April 14 and May 12, 2000, the operator tested this well in preparation for this hearing. When the pumping rate was reduced from 12 to 8 strokes per minute, the fluid level in the wellbore rose 10 joints. When the original pumping rate was restored, the fluid level dropped again. The applicant believes that pumping at the higher rate is therefor more efficient as it removes more of the liquid standing in the well.

Through June 23, 2000, the Forks CCC Lease Well No. 1 has accumulated 3000 barrels of overproduction. The applicant believes that it would be difficult to reduce the pumping rate by 50% to make up this overproduction. Well No. 1 is the only well on this lease and Medders Oil Company owns all of the offset leases.

FINDINGS OF FACT

1. Notice of these hearing was issued to all affected persons on May 25, 2000.
2. The field was discovered in 1996, and has ten producing wells, all operated by the applicant.
3. The current daily field allowable is 144 barrels of oil, based on the yardstick allowable for wells at this depth on 80-acre proration units.
4. The Forks CCC Lease Well No. 1 is almost two miles from the other wells in the Balt (Tannehill) Field and produces from a separate reservoir compartment.
5. Producing rates from the Forks CCC Lease Well No. 1 indicate that increasing this well's allowable to 180 barrels per day will not cause waste.
 - a. The well's initial potential in January of 2000, was 175 BOPD.
 - b. The well produced 19,000 barrels of oil during its first four months on production.
 - c. The well is capable of pumping 170 to 180 BOPD and produces only 1 MCF per day.
 - d. When the pumping rate was decreased from 12 to 8 strokes per minute, the oil rate decreased to 125 barrels of oil per day and the fluid levels standing in the well rose.
6. Well No. 1 is the only well on this lease and the applicant owns all of the surrounding leases.
7. The Forks CCC Lease Well No. 1 has 3,000 barrels of overproduction and requiring the well to be shut-in to make up this overproduction will not protect correlative rights nor prevent waste.

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. Granting an MER of 180 barrels of oil per day, as requested, 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 Forks CCC Lease Well No. 1 be allowed to produce up to 180 barrels of oil per day and that all overproduction for this well be canceled.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner

Date of Commission Action: July 25, 2000