

OIL AND GAS DOCKET NO. 01-0248675

THE APPLICATION OF PATTERSON PETROLEUM LP TO ESTABLISH AN MER FOR THE CANNAN NO. 1 IN THE PEARSALL (AUSTIN CHALK) FIELD, DIMMIT COUNTY, TEXAS

Heard by: Donna K. Chandler on March 1, 2007

Appearances:

William Osborn
Dale Miller

Representing:

Patterson Petroleum LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Patterson Petroleum LP requests an MER of 850 BOPD for its Cannan No. 1 in the Pearsall (Austin Chalk) Field. Patterson also requests that all accumulated overproduction be cancelled for this lease.

The application is unopposed and the examiner recommends approval of the requested MER and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Cannan No. 1 was completed in January 2006 as a horizontal well in the Pearsall (Austin Chalk) Field. The well has a horizontal displacement of about 1,900 feet. The top allowable for the well under the field rules is 541 BOPD.

On initial test, the well flowed 209 BO and 317 MCF of gas during a 19 hour test. The calculated 24 hour rate was 517 BO and 400 MCF of gas. The first full month of production for the well was April 2006 when the well producing 25,307 BO, or an average of 843 BOPD. The well continued to produce with no decline, averaging about 800 BOPD.

During January 2007, Patterson tested the well to determine rate sensitivity. Prior to this testing, the well produced through an 18/64" choke during December 2006. Rates varied between 750 and 850 BOPD, with the gas-oil ratio very constant, averaging 457

cubic feet per barrel. The well was then choked back to 17/64" and the average rate fell to about 600 BOPD, with a decrease in flowing tubing pressure from 650 psig to 620 psig. The gas-oil ratio was basically the same, at 477 cubic feet per barrel. A further reduction in choke to 16.5/64" resulted in the rate falling to less than 500 BOPD and a further decrease in flowing tubing pressure. The gas-oil ratio averaged 513 cubic feet per barrel.

Patterson requests that the well be assigned an MER of 850 BOPD. The well shows signs of loading when the rate is decreased. Producing at the higher rate does not affect the gas-oil ratio.

The subject lease is overproduced approximately 95,000 BO as of January 1, 2007. Patterson had requested an MER in August 2006 but the hearing was postponed because it was expected that the rate would decrease. A large part of the overage was accumulated during the first couple of months of production due to the low test rate reported on Form W-2. It is requested that all overage be canceled.

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 Cannan No. 1 was completed in January 2006 as a horizontal well in the Pearsall (Austin Chalk) Field. The well is assigned an allowable of 541 BOPD.
3. The well has been capable of producing about 800 BOPD since initial completion. The highest rate recently was 851 BOPD on December 20, 2006.
4. Reducing the rate of production results in decreased flowing tubing pressure. The gas-oil ratio is about 500 cubic feet per barrel, regardless of rate of production.
5. The subject lease is overproduced approximately 95,000 BO as of January 1, 2007.

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 850 BOPD and cancellation of overproduction for the Cannan No. 1 in the Pearsall (Austin Chalk) Field will not 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 850 BOPD and cancellation of overproduction for the Cannan No. 1 in the Pearsall (Austin Chalk) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner