

June 4, 2002

**OIL AND GAS DOCKET NO. 02-0230798**

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**THE APPLICATION OF NEUMIN PRODUCTION COMPANY FOR AN MER FOR THE JACKS ET AL LEASE, BIG JIM (THIRD SINTON) FIELD, REFUGIO COUNTY, TEXAS**

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**Heard by:** Margaret Allen, Technical Hearings Examiner

**Procedural history**

Application received: March 4, 2002

Hearing held: June 3, 2002

**Appearances**

Philip F. Patman  
T.K. Tomlinson

Representing  
Neumin Production Company

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Neumin Production Company is seeking an MER for the Jacks et al Lease in the Big Jim (Third Sinton) Field to allow wells to produce up to 200 BO per day and cancellation of the overproduction for its Jacks et al Well No. 1.

**DISCUSSION OF THE EVIDENCE**

The Big Jim (Third Sinton) Field was discovered in April of 2000 with the completion of Neumin's Jacks Well No. 1. The nearest production from the third Sinton sandstone is over 2-1/2 miles away. There are two nearby wells on the Jacks et al Lease that do not have the third Sinton sandstone developed, and Well No. 1 is expected to be the only well ever completed in this reservoir.

The highest initial test rate of the Jacks Well No. 1 was 3659 MCF/D, with a gas/liquid ratio of 93,171 cubic feet per barrel and an estimated bottomhole pressure of 2567'. This well had been perforated from 5698' to 5708', at the very top of a sandstone that extends from 5698' to 5742'. The apparent gas cap was quickly depleted and the well retested on August, 31, 2002, after producing 403 MMCF and 45,000 BO. Its potential rate then was 169 BOPD and 135 MCF/D, with 8 barrels of water. The Big Jim (Third Sinton) Field is on Statewide Rules and the top allowable is 102 barrels of oil and 204 MCF per day. Well No. 1 has produced 39,000 BO and 26 MMCF since being reclassified as an oil well, and has accumulated 17,000 barrels of overproduction.

The Jacks Well No. 1 was tested between April 13 and May 8, 2002, and the results are shown in the following table:

Choke size	Ave. oil prod.	Ave. gas prod.	Water/oil ratio	Ave. gas/oil ratio
11/64th inch	145 barrels	101 MCF	.65	694 cu.ft/bbl
10/64th inch	125	75	.74	601
9/64th inch	106	60	.77	571
8.5/64th inch	97	56	.82	581

As the choke size was reduced the flowing tubing pressure decreased and the proportion of oil to water decreased, without much increase in gas/oil ratio. Neumin calculated the remaining recovery for a well with initial production of 145 BOPD and 65% water cut, assuming a constant decline rate and increasing water cut, to be 200,521 BO. The remaining production for a well beginning at 97 BOPD and 82% water cut, under the same assumptions was 127,534 BO.

No other wells are likely to be completed in this field. Producing the well at a reduced rate to make up overproduction would cause the well to be produced at an inefficient rate. No correlative rights will be damaged if the overproduction of Well No. 1 is canceled.

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice on May 1, 2002.
2. The Brit Clare Lease Well No. 16 was completed in November of 2001, and perforated between 7492 and 8268 feet.
3. The well's initial potential was 190 BOPD, and its potential increased to 218 BOPD with the addition of a rod pump.
4. The allowable for wells at this depth, on this spacing, is 68 BOPD with 136 MCF of gas per day.
5. Test results on the Brit Clare Lease Well Nos. 16 show that the well's water cut does not increase significantly when produced at higher rates.
6. The produced gas is highly undersaturated and none of the rates tested in Well No. 16 cause gas/oil ratios above 200 cubic feet per barrel.
7. Cumulative production of Well No. 16 is 21,370 BO and its overproduction is 9198 BO.
8. All of the other wells in this reservoir were drilled in 1985 or earlier, and requiring the Brit Clare Lease Well Nos. 16 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 Well No. 1 will prevent waste and will protect correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that the Neumin Production Company Jacks et al Lease Well No. 1 in the Big Jim (Third Sinton) Field be allowed to produce up to 150 barrels of oil per day. All overproduction for Well No. 1 should be canceled.

Respectfully submitted,

Margaret Allen  
Technical Hearings Examiner

Date of Commission Action: June 25th, 2002