

October 10, 2005

OIL AND GAS DOCKET NO. 04-0244102

THE APPLICATION OF CARRIZO OIL & GAS, INC. TO CONSIDER AN MER ALLOWABLE FOR THE HENSLEY-YTURRIA LEASE WELL NO. 1, YTURRIA, NE. (5000 SAND) FIELD, STARR COUNTY, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: October 6, 2005

APPEARANCES:

George C. Neale, attorney
Greg Slack

REPRESENTING:

Carizzo Oil & Gas, Inc.

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

Carrizo Oil & Gas had originally requested an MER allowable for its Hensley-Yturria Lease Well No. 1 and cancellation of overproduction. At the hearing, Carrizo Oil & Gas withdrew its request for an MER allowable and now requests only that all overproduction for the lease be canceled.

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

DISCUSSION OF EVIDENCE

The Yturria, NE. (5000 Sand) Field was discovered in 1992 at 4,985' subsurface depth. The field is governed by Statewide Rules. The top allowable in the field is 93 BOPD. There are two operators in the field with one producing well each.

The Carrizo Oil & Gas, Hensley-Yturria Lease Well No. 1 was completed in February 1, 2005 through two sets of perforations from 4,996-5,002' and 5,014' to 5,018' subsurface depth and potentialized at 100 BOPD, 55 MCFD and 0 BWPD. The well is flowing on a 10/64ths choke with a flowing tubing pressure of 350 psig. The well testing shows that the well is currently only producing the top allowable of the field. The cancelling of the overproduction is warranted as correlative rights will not be harmed.

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 Yturria, NE. (5000 Sand) Field was discovered in 1992 at 4,985' subsurface depth.
 - a. The field is governed by Statewide Rules and the top allowable in the field is 93 BOPD.
 - b. There are two operators in the field with one producing well each.
3. The Carrizo Oil & Gas, Hensley-Yturria Lease Well No. 1 was completed in February 1, 2005 through two sets of perforations from 4,996-5,002' and 5,014' to 5,018' subsurface depth and potentialed at 100 BOPD, 55 MCFD and 0 BWPD.
4. The well testing shows that the well is currently only producing the top allowable of the field.
5. The overproduction resulting from the MER rate testing should be cancelled as the other well in the field has a current production of only 5 BOPD.

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. Cancellation of overproduction for the Hensley-Yturria Lease in the Yturria, NE. (5000 Sand) Field will not harm correlative rights and will not cause waste.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends cancellation of overproduction for the Hensley-Yturria Lease in the Yturria, NE. (5000 Sand) Field.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel