

**OIL AND GAS DOCKET NO. 10-0231065**

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**THE APPLICATION OF ALMA ORINGDERFF OIL PROPERTIES TO SUSPEND THE ALLOCATION FORMULA FOR THE PERRYTON, WEST (MORROW MIDDLE) FIELD, OCHILTREE COUNTY, TEXAS**

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

**Procedural history**

Application received: April 1, 2002

Hearing held: April 22, 2002

**Appearances**

Michael P. Marcin

Representing

Alma Oringderff Oil Properties

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Alma Oringderff Oil Properties is seeking to have the allocation formula for the Perryton, West (Morrow Middle) Field suspended. Forms AOF-2 were not received from every operator in the field, though the application is unprotested.

**DISCUSSION OF THE EVIDENCE**

The Perryton, West (Morrow Middle) Field was discovered in 1983 and has four wells with three different operators. Bracken Operating L.L.C. operates two wells and returned a Form AOF-2, along with Alma Oringderff Oil Properties, indicating 100% market for the gas from their wells. Upland Resources, Inc., the operator of one well on the proration schedule, did not sign a Form AOF-2.

The current deliverability of the Upland Resources Portwood Lease Well No. 1 is 1627 MCF per day. The Portwood Well No. 1 began producing in June of 2000 and its allowable has been limited since March of 2001. The field is under Statewide Rules and the Portwood Well No. 1 has little or no overproduction. The well has declined fairly steadily and rapidly since it produced its maximum amount of 120 MMCF during the month of October 2000. The applicant believes that this demonstrates a continuous market for the gas from this well. During the most recent three months of reported production, the well averaged 800 MCF/D.

The other wells in the field were placed on production during April of 2001, and one of the capable wells has accumulated a large amount of underage while the other has accumulated a large amount of overage. Bracken's Edwards Lease Well No. 5 has a deliverability of only 68 MCF/D. Bracken's Lance Lease Well No. 1011 has already accumulated 90 MMCF of underproduction, though it will be receiving a limited allowable in the future. This well has a reported deliverability of 2643 MCF/D, but has declined at about the same rate as Upland's well.

The applicant's well has a reported deliverability of 621 MCF/D and has accumulated 31 MMCF of overproduction. The applicant's well has declined at a much more shallow rate than the other two capable wells in the field. The average daily production of this well during the three most recent reported months has been 416 MCF. The gatherer of gas from both Upland's and Oringderff's wells

is Duke Energy Field Services.

**FINDINGS OF FACT**

1. Notice of at least ten (10) days was given to all operators in the field and no one appeared at the hearing in protest.
2. Alma Oringderff Oil Properties filed Forms AOF-1 and AOF-2 indicating that it has a market for 100% of the gas that can be produced from its well in the Perryton, West (Morrow Middle) Field.
3. Bracken Operating, L.L.C., operates two wells and also returned a Form AOF-2 indicating 100% market for the gas from its wells.
4. The one capable well of Bracken has accumulated 90 MMCF of underproduction since April of 2001, and will be receiving a limited allowable in the future.
5. Upland Resources, Inc, who operates one well, did not sign a Form AOF-2.
6. There is a market for 100% of the gas produced by wells in the Perryton, West (Morrow Middle) Field.
  - a. Two of the three operators of prorated wells signed Forms AOF-2 indicating a market for all of the gas their wells can produce.
  - b. The one well of Upland, the only operator in the field who did not indicate 100% market, has declined at a steady rate since reaching a high of 120 MMCF during the month of October, 2000.
  - c. The Upland well has received a limited allowable since March of 2001, and has no significant overage or underage.
7. The applicant's well has accumulated 31 MMCF of overproduction due to the large amount of underproduction in the field.

**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 subject field meets all the criteria established for suspension of the allocation formula under Statewide Rule 31(j).

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that the allocation formula in the Perryton, West (Morrow Middle) Field be suspended, as per the attached order.

Respectfully submitted,

Margaret Allen  
Technical Hearings Examiner

Date of Commission Action: May 21, 2002