

OIL AND GAS DOCKET NO. 08-0267025

THE APPLICATION OF CML EXPLORATION, LLC TO CONSIDER INCREASED NET GAS-OIL RATIO AUTHORITY FOR THE EDWARDS "12" LEASE, WELL NO. 1, IN THE EDWARDS -04- (WOLFCAMP) FIELD, CRANE COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner

DATE OF HEARING: October 29, 2010

APPEARANCES:

REPRESENTING:

APPLICANT:

Ana Maria Marsland-Griffith
Damien Larson

CML Exploration, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

CML Exploration, LLC ("CML") requests authority to produce its Edwards "12" Lease, Well No. 1, under increased net gas-oil ratio authority with a casinghead gas limit of 400 MCFGPD. CML also requests that all overproduction for the well be canceled.

This application was unopposed and the examiner recommends approval of the increased net gas-oil ratio authority with a casinghead gas limit of 400 MCFGPD and cancellation of the well overproduction.

DISCUSSION OF EVIDENCE

The Edwards -04- (Wolfcamp) Field was discovered in December 1962 at a depth of 7,900 feet. The field has 6 producing oil wells carried on the proration schedule and operates under Statewide Rules. The top allowable is 121 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel and a daily gas limit of 242 MCFG.

The Edwards "12" Lease, Well No. 1, was completed in the Wolfcamp in February 2010 with perforations from 7,904 feet to 7,915 feet. On initial test, the well produced flowing at a rate of 253 BOPD, 278 MCFGPD and 0 BWPD. The initial GOR was 1,100 cubic feet per barrel.

The field is an undersaturated oil reservoir with solution gas drive as the primary drive mechanism. Once a well begins producing below the bubble point, it experiences decreasing oil production, increasing gas production and higher well GORs.

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In order to determine rate sensitivity, CML tested the Edwards "21" Lease, Well No. 1, during September and October 2010. The results of the testing are summarized as follows:

Choke Size (in)	Oil Rate (bopd)	Gas Rate (mcfpd)	Water Rate (bwpd)	FTP (psi)	GOR (cuft/bbl)
13/64	66	238	0	350	3,606
17/64	83	310	0	220	3,735
19/64	91	318	0	180	3,495
28/64	121	463	0	140	3,826

The well is not rate sensitive and CML believes that oil will be left behind in the formation if the gas production is curtailed. In order to maximize production and prevent waste, CML requests an increased net gas-oil ratio authority with a casinghead gas limit of 400 MCFGPD be approved. This will also allow for the depletion of the reservoir without any reservoir damage, prevent oil from being left behind in the formation if the gas production is curtailed and increase the ultimate recovery from the well.

As of October 1, 2010, the well is overproduced 414 BO and 18,681 MCFG. CML requests that this overage be cancelled.

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 Edwards -04- (Wolfcamp) Field was discovered in December 1962 at a depth of 7,900 feet.
 - a. The field has 6 producing oil wells carried on the proration schedule.
 - b. The field operates under Statewide Rules.
 - c. The top allowable is 121 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel and a daily gas limit of 242 MCFG.
3. The Edwards "12" Lease, Well No. 1, was completed in the Wolfcamp in February 2010 with perforations from 7,904 feet to 7,915 feet. On initial test, the well produced flowing at a rate of 253 BOPD, 278 MCFGPD and 0 BWPD. The initial GOR was 1,100 cubic feet per barrel.
4. The field is an undersaturated oil reservoir with solution gas drive as the primary drive mechanism.
 - a. Once a well begins producing below the bubble point, it experiences

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decreasing oil production, increasing gas production and higher well GORs.

- b. On a 28/64 inch choke, the well produced flowing at a rate of 121 BOPD, 463 MCFGPD and 0 BWPD. The GOR was 3,826 cubic feet per barrel.
 - c. The well is not rate sensitive.
 - d. Oil will be left behind in the formation if the gas production is curtailed.
- 5. Producing the well at rates of up to 400 MCFGPD will not cause waste.
 - 6. As of October 1, 2010, the well is overproduced 414 BO and 18,681 MCFG.

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 the increased net gas-oil ratio authority with a casinghead gas limit of 400 MCFGPD for the Edwards "21" Lease, Well No. 1, in the Edwards -04- (Wolfcamp) Field and cancellation of the well overproduction will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Edwards "12" Lease, Well No. 1, in the Edwards -04- (Wolfcamp) Field be authorized to produce under net gas-oil ratio authority with a casinghead gas limit of 400 MCFGPD and that all accumulated overproduction for the well be canceled.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner