

THE APPLICATION OF QUANTUM RESOURCES MANAGEMENT, LLC TO CONSIDER INCREASED NET GOR AUTHORITY FOR THE MITCHELL "D" LEASE, G P M (8200) FIELD, WINKLER COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E on June 17, 2009

Appearances:

Dale E. Miller

Representing:

Quantum Resources Management, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Quantum Resources Management, LLC requests that all overproduction for its Mitchell "D" lease be cancelled. Quantum had originally requested increased net gas-oil ratio authority for the Well No. 1 on the lease. However, casinghead gas production has declined such that increased allowable is unnecessary.

This application was unprotested and the examiner recommends cancellation of overproduction for the lease.

DISCUSSION OF EVIDENCE

The Mitchell "D" Well No. 1 was recompleted from the Monahans, N. (Ellenburger) Field to the G P M (8200) Field in April 2008. The well is perforated from 8,226 to 8,276 feet. On initial test the well produced at a rate of 80 BOPD, 1,300 MCFD and 0 BWPD with a flowing tubing pressure of 950 psig.

The top allowable in the field is 133 BOPD and 266 MCFD. The Mitchell "D" Well No. 1 is the only well in the field. The well received a penalized oil allowable of 16 BOPD due to the high GOR. Production has steadily declined to a current rate of 14 BOPD and 140 MCFD of gas, below both oil and casinghead allowables. A Net GOR authority is no longer needed.

The well has significant over production due to the penalized oil allowable. Because Quantum is the only operator in the field and the Mitchell "D" Well No. 1 is the only well in the field there is no need to shut the well in to make up the overage.

The lease is overproduced approximately 5,731 BO and 117.5 MMCF of casinghead gas as of June 1, 2009. Quantum requests that all 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 Mitchell "D" Well No. 1 was recompleted from the Monahans, N. (Ellenburger) Field to the G P M (8200) Field in April 2008.
 - a. The well is perforated from 8,226 to 8,276 feet and is the only well in the field.
 - b. On initial test the well produced at a rate of 80 BOPD, 1,300 MCFD and 0 BWPD with a flowing tubing pressure of 950 psig.
4. The top allowable in the field is 133 BOPD and 266 MCFD.
5. The well currently produces within its assigned oil and casinghead gas limit.
6. The lease is overproduced approximately 5,731 BO and 117.5 MMCF of casinghead gas as of June 1, 2009.

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 Mitchell "D" lease in the G P M (8200) Field will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that all accumulated overproduction be canceled for the Mitchell "D" lease in the G P M (8200) Field.

Respectfully submitted,

Andres J. Trevino
Technical Examiner