

THE APPLICATION OF MIDLAND OIL AND GAS, INC. FOR INCREASED NET GAS OIL AUTHORITY FOR ITS PINK MARTIAN WELL NO. 1 IN THE FRANKIRK, SW (CANYON REEF) FIELD, STONEWALL COUNTY, TEXAS

Heard by: Donna K. Chandler on January 16, 2001

Appearances:

Greg Cloud

Representing:

Midland Oil & Gas, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Midland Oil and Gas, Inc. requests increased net GOR authority for its Pink Martian No. 1 in the Frankirk, SW (Canyon Reef) Field. Midland Oil and Gas requested a daily gas limit of 300 MCFD and cancellation of all accumulated overproduction for this lease.

This application was unopposed and the examiner recommends approval of the increased net gas-oil ratio authority with a casinghead gas limit of 200 MCFD and cancellation of overproduction. Midland Oil & Gas did not consider this to be an adverse decision.

DISCUSSION OF EVIDENCE

The Frankirk, SW (Canyon Reef) Field was discovered in 1958 at a depth of approximately 5,140 feet. The top allowable in the field is 82 BOPD and 164 MCFD and the field operates under Statewide Rules.

The Pink Martian No. 1 was completed in November 1999 and is the only producing well in the Frankirk, SW (Canyon Reef) Field. On initial test, the well produced 95 BOPD, 45 MCFD and 0 BWPD flowing through a 14/64" choke. Perforations are from 5,118 feet to 5,126 feet. The well was placed on rod pump soon after completion.

Gas is produced up the tubing-casing annulus in this well, with no choke. Midland produced the gas through various choke sizes to reduce gas production from the well. The increased back pressure at restricted rates resulted in increased gas-oil ratios due to less oil production. Unrestricted, the well is capable of producing 25 BOPD and 180 MCFD, with a gas-oil ratio of 7,200 cubic feet per barrel. Producing slightly in excess of the current allowable will not cause waste.

The subject lease is overproduced approximately 32,000 MCF. Midland Oil and Gas requests that this overage be canceled.

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 top allowable in the Frankirk, SW (Canyon Reef) Field is 82 BOPD and 164 MCFD.
3. The Pink Martian No. 1 was completed in November 1999 and is the only producing well in the Frankirk, SW (Canyon Reef) Field.
4. The Pink Martian No. 1 produces on rod pump and is capable of producing 25 BOPD and 180 MCFD.
5. When production is restricted, the producing gas-oil ratio increases.
6. The Pink Martian lease is overproduced approximately 32,000 MCF as of December 1, 2000.

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 increased net gas-oil ratio authority with a casinghead gas limit of 200 MCFD for the Pink Martian No. 1 in the Frankirk, SW (Canyon Reef) Field and cancellation of overproduction will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Pink Martian No. 1 in the Frankirk, SW (Canyon Reef) Field be authorized to produce under net gas-oil ratio authority with a daily gas limit of 200 MCFD and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Donna K. Chandler
Technical Examiner