

THE APPLICATION OF MATADOR OPERATING COMPANY FOR INCREASED NET GAS OIL RATIO AUTHORITY IN THE JOHNES (MIDDLE WLFC. DETRITAL) FIELD, UPTON COUNTY, TEXAS

Heard by: Donna K. Chandler on October 4, 2000

Appearances:

Dale Miller

Representing:

Matador Operating Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Matador Operating Company requests increased net GOR authority for wells in the Johnes (Middle Wlfc. Detrital) Field. Matador requests a daily gas limit of 1,100 MCFD per well and cancellation of all accumulated overproduction for its Amerind lease.

This application was unopposed and the examiner recommends approval of the increased net gas-oil ratio authority for all wells in the field with a casinghead gas limit of 1,100 MCFD and cancellation of overproduction for the Amerind lease.

DISCUSSION OF EVIDENCE

The Johnes (Middle Wlfc. Detrital) Field was discovered in July 1998 at a depth of 9,065 feet. There are 2 producing wells in the field, both operated by Matador Operating Company. The top allowable in the field is 435 BOPD and 870 MCFD.

The discovery well for the subject field was the Amerind No. 1. On initial test, the well produced 702 BOPD and 422 MCFD from perforations at 9,050 - 9,065 feet. This well is currently on pump and produces 60-70 BOPD and 700-800 MCFD. The Amerind No. 2 was completed in October 1998 and produced 284 BOPD and 210 MCFD. The No. 2 ceased producing in June 1999 and was sidetracked in September 2000. The initial test from the sidetrack was 478 BOPD and 411 MCFD. Cumulative production from the field is 279,000 BO and 534,000 MCF of gas.

The subject field has a solution gas drive and reservoir pressure is below the bubble point pressure. The producing gas-oil ratio in the No. 1 has increased from less than 1,000 cubic feet per barrel initially to over 11,000 cubic feet per barrel.

The No. 1 has been produced on pump since September 1999. Rates as high as 1,100 MCFD

and 150 BOPD were observed in June and July 2000. At this high rate, the producing gas-oil ratio was approximately 7,000 cubic feet per barrel. During August and September 2000, the well was produced at 700-800 MCFD with 60-70 BOPD, resulting in a gas-oil ratio of over 11,000 cubic feet per barrel. The gas-oil ratio continues to increase, as expected in a solution gas drive reservoir.

The No. 2 sidetrack continues to produce over 400 BOPD with a producing gas-oil ratio of 750 cubic feet per barrel, indicating that the two wells are likely not in communication. However, Matador expects the No. 2 to perform similarly to the No. 1, with the gas-oil ratio increasing with time. No additional wells are planned for this field.

Matador pointed out that high casinghead gas limits are common for Wolfcamp fields in this area. Specifically, the Commission has recently approved net gas-oil ratio authority with a daily gas limit of 2,200 MCFD for all wells in the Amacker-Tippett, SW (Wolfcamp) Field in Upton County.

The Amerind lease is slightly overproduced. Matador 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 Johnes (Middle Wlfc. Detrital) Field is 435 BOPD and 870 MCFD.
3. The Johnes (Middle Wlfc. Detrital) Field, discovered in July 1998, has two producing wells, both operated by Matador Operating Company.
4. A casinghead gas limit of 1,100 MCFD is appropriate for wells in the Johnes (Middle Wlfc. Detrital) Field.
 - a. The discovery well for the field, the Amerind No. 1, is currently on pump and produces 70-80 BOPD and 600-700 MCFD.
 - b. When the Amerind No. 1 is produced at approximately 1,100 MCFD, the producing gas-oil ratio is approximately 7,000 cubic feet per barrel.
 - c. The reservoir has a solution gas drive and the No. 1 has exhibited increasing gas-oil ratios as the reservoir pressure has declined below the bubble point.
 - d. The Amerind No. 2, completed in October 1998 and sidetracked in September 2000, produces over 400 BOPD with a gas-oil ratio of less than

800 cubic feet per barrel. The gas-oil ratio is expected to increase similar to the No. 1.

5. The Amerind lease has a small amount of casinghead gas overproduction.

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 1,100 MCFD for wells in the Johnes (Middle Wlfc. Detrital) Field and cancellation of overproduction will prevent waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that net gas-oil ratio authority be adopted for wells in the Johnes (Middle Wlfc. Detrital) Field with a daily gas limit of 1,100 MCFD. It is further recommended that all accumulated overproduction for the Matador Operating Company - Amerind lease be canceled.

Respectfully submitted,

Donna K. Chandler
Technical Examiner