

OIL AND GAS DOCKET NO. 7C-0249229

**THE APPLICATION OF TXP, INCORPORATED TO CONSIDER INCREASED NET GOR
AUTHORITY FOR THE RENFRO "11" NO. 2 IN THE LONE EAGLE (CLEARFORK)
FIELD, IRION COUNTY, TEXAS**

Heard by: Donna K. Chandler on November 28, 2006

Appearances:

Dale Miller

Representing:

TXP, Incorporated

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

TXP, Incorporated requests authority to produce its Renfro "11" No. 2 under increased net gas-oil ratio authority. TXP also requests that all overproduction for the well be canceled.

This application was unopposed and the examiner recommends approval of increased net gas-oil ratio authority with a daily gas limit of 500 MCFD and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Renfro "11" No. 2 was completed in February 2006 and is the discovery well for the Lone Eagle (Clearfork) Field. No other wells have been completed in the field. The top allowable in the field is 130 BOPD and 260 MCFD.

The subject well is perforated in the Clearfork between 4,148 feet and 4,194 feet. On initial test, the well produced at a rate of 93 BOPD, 30 MCFD and 60 BWPD flowing through a 16/64" choke. In July 2006, the well ceased flowing and was equipped with a pumping unit.

Daily production records for the well indicate fluctuations from day to day. The oil rate varies from less than 30 BOPD to over 150 BOPD while gas production is fairly stable

at 400-450 MCFD. Water production also varies significantly on a daily basis, ranging from 3 BWPD to 30 BWPD. Restricting the gas production from this pumping well is not necessary to prevent waste. This is a solution gas drive reservoir with the pressure now below the bubble point.

The well has accumulated approximately 4,300 MCF of casinghead gas overproduction. TXP 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 Lone Eagle (Clearfork) Field is 130 BOPD and 260 MCFD.
3. The Renfro "11" No. 2 was completed in February 2006 and is the discovery well for the field. No other wells have been completed in the field.
4. Initially, the well was a flowing well. The well was put on pump in July 2006.
5. The well is capable of producing up to 150 BOPD and 500 MCFD. The well is not rate sensitive, but produces erratically.
6. The well has accumulated approximately 4,300 MCF 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 500 MCFD for the Renfro "11" Well No. 2 in the Lone Eagle (Clearfork) 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 the Renfro "11" No. 2 in the Lone Eagle (Clearfork) Field be authorized to produce under net gas-oil ratio authority with a daily gas limit of 500 MCFD and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Donna K. Chandler
Technical Examiner