

**OIL AND GAS DOCKET NO. 03-0248348**

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**THE APPLICATION OF CIMAREX ENERGY CO. TO ESTABLISH AN MER FOR WELLS  
ON ITS KATE DISHMAN UNIT, LIBERTY, SOUTH FIELD, LIBERTY COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on September 20, 2006

**Appearances:**

Flip Whitworth  
Eddie Fetkovich

**Representing:**

Cimarex Energy Co.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Cimarex Energy Co. requests an MER of 350 BOPD for wells on its Kate Dishman Unit in the Liberty, South Field. Cimarex also requests that all accumulated overproduction be cancelled for this lease.

The application is unprotested and the examiner recommends approval of the requested MER and cancellation of overproduction.

**DISCUSSION OF EVIDENCE**

The Liberty, South Field was discovered in 1925 and is a piercement type salt dome field. The current top allowable for the field is 202 BOPD. Virtually all of the wells are producing from depleted fault blocks and have very marginal production.

The Kate Dishman Unit consists of 334 acres on the southern side of the dome. Cimarex has recently completed two wells on the lease and two more wells are drilled and cased, waiting to be completed. At least one more well on the lease is planned. Development of this lease was based on seismic and the wells are completed in a separate fault block from other production on the dome.

The Kate Dishman No. 1 was completed in February 2006 with an initial potential of 265 BOPD and 97 MCFD, with no water. In July 2006, Cimarex began testing the well

to determine rate sensitivity. Rates were increased incrementally from about 268 BOPD to 404 BOPD. The producing gas-oil ratio was constant at 350-400 cubic feet per barrel. No indication of rate sensitivity was observed.

The Kate Dishman No. 2 was completed in August 2006. Cimarex began testing of this well on September 1. The well was tested at 180 BOPD, 275 BOPD and 360 BOPD. The producing gas-oil ratio was constant at 350 cubic feet per barrel.

Cimarex requests that each well completed on its Kate Dishman lease be assigned an MER allowable of 350 BOPD. Production at this rate will not harm the ultimate recovery from this fault block on the Liberty, South dome. Both wells demonstrate very constant, low producing gas-oil ratios, regardless of rate. It is also requested that all overage for the Kate Dishman Unit 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 Liberty, South Field was discovered in 1925 and is a piercement type salt dome field, with a top allowable of 202 BOPD.
3. There are two recently completed wells on the Kate Dishman Unit and two more wells have been drilled and cased. Development of this lease was based on seismic and the wells are completed in a separate fault block from other production on the dome.
4. Variable rate testing of the Kate Dishman Unit No.1 and No. 2 demonstrated that the wells are not rate sensitive. Both wells have been tested at rates in excess of 350 BOPD, with the producing gas-oil ratio remaining at 350-400 cubic feet per barrel. There is no water production.
5. Allowing each well on the Kate Dishman Unit lease to produce at rates of 350 BOPD will not cause waste.

### **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 an MER of 350 BOPD per well on the Kate Dishman Unit lease and cancellation of overproduction for the Kate Dishman Unit lease in the Liberty, South Field will not cause waste and will not harm correlative rights.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of an MER of 350 BOPD for each well on the Kate Dishman Unit lease in the Liberty, South Field. It is also recommended that all overproduction for the lease be cancelled.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner