

OIL AND GAS DOCKET NO. 03-0255025

THE APPLICATION OF CIMAREX ENERGY CO. TO CONSIDER AN MER FOR EACH WELL IN THE SOUR LAKE EASTER (YEGUA) FIELD, HARDIN COUNTY, TEXAS

Heard by: Andres J. Trevino on February 13, 2008

Appearances:

Flip Whitworth
Lance Sullins

Representing:

Cimarex Energy Co.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Cimarex Energy Co. requests approval of an MER of 450 BOPD for each well in the Sour Lake Easter (Yegua) Field, except the Clubb West No. 1. Cimarex requests an MER of 680 BOPD for its Clubb West No. 1. Cimarex also requests that all overproduction for the wells be canceled.

The application is unopposed and the examiner recommends approval of the requested MERs and cancellation of overproduction for all wells in the field.

DISCUSSION OF EVIDENCE

The Sour Lake Easter (Yegua) Field was discovered in April 2007 upon completion of the Pica No. 1 by Cimarex Energy. Cimarex completed a second well in the field, the Clubb West No. 1, in January 2008 and a third well, the Clubb West No. 2, in April 2008. The top allowable in the field is 262 BOPD. The field is located about 5-6 miles west of the Sour Lake salt dome and the area is highly faulted as a result of the close proximity to the dome.

The Pica No. 1 produced at a rate of 549 BOPD and 497 MCFD on initial test, with 5,178 psi flowing tubing pressure. The Clubb West No. 1 produced at a rate of 517 BOPD and 994 MCFD on initial test, with a flowing tubing pressure of 5,365 psi. As of the time of hearing, the Pica No. 1 had produced over 112,000 BO and the Clubb West No. 1 had produced over 25,000 BO.

The Pica No. 1 was tested at various rates during January -February 2008 to determine rate sensitivity. The choke size was increased from 8/64" to 15/64" during the testing. Oil production ranged from an average of 250 BOPD to almost 500 BOPD. The

gas oil ratio at the various rates was very constant, ranging only from about 900 cubic feet per barrel to about 1,100 cubic feet per barrel. Water production was constant at 30-40 BWPD. The well showed signs of loading during testing at the 15/64" choke, as the flowing tubing pressure fell almost 200 psi and oil production fell from over 500 BOPD down to 443 BOPD.

The Clubb West No. 1 was also tested in January-February 2008. The choke on this well was varied from 4/64" to 10/64". The oil rate varied from about 225 BOPD to over 750 BOPD. The producing gas-oil ratio during testing was also very constant, ranging from about 1,850 cubic feet per barrel to about 2,100 cubic feet per barrel. Water production was minimal at 3-6 BWPD.

A third well, the Clubb West No. 2, was completed in April 2008. This well has been producing at rates of 400-500 BOPD since completion, with a gas-oil ratio of approximately 2,800 cubic feet per barrel. The well has not been tested like the previous two wells.

The testing indicate that wells in the field can produce at rates of at least 450 BOPD without causing waste. Further, the testing demonstrates that the Clubb West No. 1 can produce at rates up to 680 BOPD without causing waste.

As of May 1, 2008, the Pica lease was overproduced approximately 50,000 BO and the Clubb West lease was overproduced approximately 30,000 BO. It is requested that all 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 Sour Lake Easter (Yegua) Field was discovered in April 2007 upon completion of the Pica No. 1 by Cimarex Energy. There are currently three producing wells in the field, all operated by Cimarex.
3. The top allowable in the field is 262 BOPD and the field operates under Statewide Rules.
4. The field is located about 5-6 miles west of the Sour Lake salt dome and the area is highly faulted as a result of the close proximity to the dome.
5. Variable rate testing of the Pica No. 1 indicates that producing at rates of up to 450 BOPD will not cause waste.
 - a. During testing, the choke size was increased from 8/64" to 15/64"

during the testing and oil production ranged from an average of 250 BOPD to almost 500 BOPD.

- b. During testing, the gas oil ratio was very constant, ranging only from about 900 cubic feet per barrel to about 1,100 cubic feet per barrel.
6. Variable rate testing of the Clubb West No. 1 indicates that producing at rate of up to 680 BOPD will not cause waste.
- a. During testing, the choke on this well was varied from 4/64" to 10/64" and oil production ranged from about 225 BOPD to over 750 BOPD.
 - b. The producing gas-oil ratio during testing was very constant, ranging from about 1,850 cubic feet per barrel to about 2,100 cubic feet per barrel.
7. The Clubb West No. 2 was completed in April 2008 and has been producing at rates of 400-500 BOPD since completion, with a gas-oil ratio of approximately 2,800 cubic feet per barrel. The well has not been tested like the previous two wells.
8. As of May 1, 2008, the Pica lease was overproduced approximately 50,000 BO and the Clubb West lease was overproduced approximately 30,000 BO.

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 450 BOPD for each well in the Sour Lake Easter (Yegua) Field and an MER of 680 BOPD for the Clubb West No. 1 in the Sour Lake Easter (Yegua) Field will not cause waste and will not harm correlative rights.
- 4. Cancellation of overproduction in the Sour Lake Easter (Yegua) Field will not cause waste or harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of an MER of 450 BOPD for each well in the Sour Lake Easter (Yegua) Field and

an MER of 680 BOPD for the Clubb West No. 1. It is further recommended that all overproduction in the field be cancelled.

Respectfully submitted,

Andres J. Trevino
Technical Examiner