

THE APPLICATION OF POWELL PROPERTIES, INC. TO ESTABLISH AN MER FOR THE THOMPSON "G" WELL NO. 3 IN THE JONES COUNTY REGULAR FIELD, JONES COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on August 3, 2007

Appearances:

Philip Whitworth
David Stelzer

Representing:

Powell Properties, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Powell Properties, Inc. requests an MER of 75 BOPD for its Thompson "G" No. 3 in the Jones County Regular Field. Powell also requests that all accumulated overproduction be cancelled for this lease.

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

DISCUSSION OF EVIDENCE

The Thompson "G" No. 1 was completed in August 2006 in the Flippen Sand by Powell. The well is completed in the Flippen Sand at a depth of 2,471 feet. The nearest Flippen Sand production is six miles to the northwest in the BB Field. The well had an initial potential of 27 BOPD and 165 BWP. The top allowable in the field is 28 BOPD, based on the 1965 yardstick for a County Regular field.

No other wells were completed in the field until the Thompson "G" No. 3 was completed in June 2007. The No. 3 well produced at a rate of 80 BOPD, 26 MCFD and no water on initial test. The well produces on rod pump from an open hole completion between 2,457 and 2,462 feet. Production has declined on the No. 1 to approximately about 5 BOPD and 130 BWP.

The No. 1 well was completed at a depth of 2,471 feet and is believed to be completed near the oil - water contact. The No. 3 is completed at the top of the structure, at a depth of 2,457 feet. Additional wells will be drilled in this reservoir which is estimated

to be approximately 100 acres in size.

The producing gas-oil ratio is 325 cubic feet per barrel. Powell believes that the reservoir is a solution gas drive reservoir and producing the well at capacity (up to 75 BOPD) will not harm the reservoir. Cumulative overproduction is estimated to be 2,190 BO for the well. It is requested that all overage be canceled.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice (within a 2 mile radius) at least ten days prior to the date of hearing.
2. The Thompson "G" No. 3 was completed in June 2007 and has produced on rod pump since that time. The only other well in the field is the Thompson "G" No. 1.
3. The top allowable in this Jones County Regular Field is 28 BOPD.
4. The well is currently capable of producing over almost 75 BOPD. Water and gas production is approximately 20 BWPD and 22 MCFPD.
5. Producing the Thompson "G" No. 3 at rates up to 75 BOPD will not cause waste.
6. The subject lease is overproduced approximately 2,190 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 75 BOPD and cancellation of overproduction for the Thompson "G" No. 3 in this Jones County Regular 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 75 BOPD and cancellation of overproduction for the Thompson "G" No. 3 in this Jones County Regular Field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner