



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7B-0279531

THE APPLICATION OF MIDVILLE ENERGY, LLC TO CONSIDER AN MER ALLOWABLE FOR EACH WELL IN THE PAM (CHESTER) FIELD, SHACKELFORD COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Terry Johnson - Legal Examiner

HEARING DATE: January 23, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale E. Miller
Dennis Kruse

Midville Energy, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Midville Energy, LLC ("Midville") requests approval of a top MER oil allowable of 150 BOPD for each well in the Pam (Chester) Field. Midville also requests that all over-production in the field be canceled.

The application is unopposed and the examiners recommend approval of the requested top MER oil allowable for each well and cancellation of all over-production in the Pam (Chester) Field.

DISCUSSION OF EVIDENCE

The Pam (Chester) Field was discovered in September 1978 at an average depth of 4,500 feet. There are two producing oil wells and two operators carried on the proration schedule. The field operates under Shackelford County Regular Field Rules and the top oil allowable in the field is 48 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel. Cumulative production from the field through December 2012 is 206.5 MBO and 177.8 MMCFG.

Midville has drilled and completed two wells in the Pam (Chester) Field on its 12,000 acre South Green Lease and is planning on drilling additional development wells. The field produces from the Chester Mississippian formation and the primary drive mechanism is a solution gas drive. Midville tested both of its flowing producing oil wells at various rates during December 2012 and January 2013 to determine their rate sensitivity.

The choke sizes were adjusted incrementally from 8/64" up to 14/64" and the producing rates varied between 11 BOPD and 123 BOPD. The gas-oil ratio was constant at the higher producing rates, ranging only from 1,250 cubic feet per barrel to 1,430 cubic feet per barrel. On the smaller choke sizes, the wells begin to load up with fluid and the flowing tubing pressures became erratic and fluctuated between 540 psi down to 240 psi. In addition, the producing gas-oil ratios increased from 1,250 cubic feet per barrel up to 4,900 cubic feet per barrel.

The testing indicates that the wells produce more efficiently at higher oil rates, as the gas oil ratios were the lowest at the highest producing rates. Midville opined that producing each well in the field at rates up to 150 BOPD is necessary to effectively and efficiently recover the oil reserves that are available to each well. Based on the testing results, Midville requests a top MER oil allowable of 150 BOPD for each well in the field.

Due to producing the wells at rates in excess of their current allowable, the producing wells are over-produced through November 2012 by 42,204 BO and 20,616 MCFG. Midville also requests that all over-production in the Pam (Chester) Field 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 Pam (Chester) Field was discovered in September 1978 at an average depth of 4,500 feet.
 - a. There are two producing oil wells and two operators carried on the proration schedule.
 - b. The field operates under Shackelford County Regular Field Rules and the top oil allowable in the field is 48 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel.
3. The Pam (Chester) Field produces from the Chester Mississippian formation and the primary drive mechanism is a solution gas drive.

4. A top MER oil allowable of 150 BOPD for each well in the Pam (Chester) Field is appropriate.
 - a. Midville Energy, LLC ("Midville") has drilled and completed two wells in the Pam (Chester) Field on its 12,000 acre South Green Lease and is planning on drilling additional development wells.
 - b. Midville tested both of its flowing producing oil wells at various rates during December 2012 and January 2013 to determine their rate sensitivity.
 - c. The choke sizes were adjusted incrementally from 8/64" up to 14/64" and the producing rates varied between 11 BOPD and 123 BOPD.
 - d. The gas-oil ratio was constant at the higher producing rates, ranging only from 1,250 cubic feet per barrel to 1,430 cubic feet per barrel.
 - e. On the smaller choke sizes, the wells begin to load up with fluid and the flowing tubing pressures became erratic and fluctuated between 540 psi down to 240 psi. In addition, the producing gas-oil ratios increased from 1,250 cubic feet per barrel up to 4,900 cubic feet per barrel.
 - f. The testing indicates that the wells produce more efficiently at higher oil rates, as the gas oil ratios were the lowest at the highest producing rates.
 - g. Producing each well in the field at rates up to 150 BOPD is necessary to effectively and efficiently recover the oil reserves that are available to each well.
5. Due to producing the wells at rates in excess of their current allowable, the producing wells are over-produced through November 2012 by 42,204 BO and 20,616 MCFG.

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 a top MER oil allowable of 150 BOPD for each well in the Pam (Chester) Field and cancellation of all over-production in the field will prevent waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve a top MER oil allowable of 150 BOPD for each well in the Pam (Chester) Field and cancel all over-production in the field, as requested by Midville Energy, LLC.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Terry Johnson
Legal Examiner