

OIL AND GAS DOCKET NO. 7C-0269788

THE APPLICATION OF LEGACY RESERVES OPERATING LP TO CONSIDER AN MER ALLOWABLE FOR ITS FANDANGO WELL NOS. 1 AND 2 IN THE SLEDGEHAMMER (FUSSELMAN) FIELD, REAGAN COUNTY, TEXAS

Heard by: Donna K. Chandler on April 6, 2011

Appearances:

George Neale
Blain Lewis

Representing:

Legacy Reserves Operating LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Legacy Reserves Operating LP requests that an MER allowable of 450 BOPD be established for its Fandango Well Nos. 1 and 2 in the Sledgehammer (Fusselman) Field. Legacy also requests that all accumulated overproduction be cancelled for the lease.

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

DISCUSSION OF EVIDENCE

The Sledgehammer (Fusselman) Field was discovered in 1986 and has a top allowable of 172 BOPD. There are three producing oil wells on the current proration schedule. Legacy recently took over operations of the Fandango No. 1 and Fandango No. 2.

The Fandango No. 2 was originally completed in 1997 and produced from perforations between 9,672 feet and 9,677 feet. In October 2010, Legacy performed a workover on the well, re-perforating the existing perforation and adding perforations such that the well is now perforated in two intervals between 9,630 feet and 9,675 feet. The well has also been equipped with a submersible pump. For the first couple of months, Legacy produced the well at its current allowable rate of approximately 170 BOPD. At this rate, the well was producing about 1,600 BOPD and 88 MCFD. In January 2011, a larger submersible pump was installed and production has been increased to an average of 450

BOPD, 3,100 BWPD and 129 MCFD. Daily production records indicate that the gas-oil ratio has remained consistently low at 300-500 cubic feet per barrel and the water-oil ratio has decreased as the rate of production has increased.

The Fandango No. 1 was originally completed in 1995 and produced from perforations between 9,686 feet and 9,689 feet. Legacy performed a workover on this well in October 2010, adding perforations similar to the No. 2 well and installing a submersible pump. The well initially produced at a rate of about 350 BOPD, 1,900 BWPD and 290 MCFD. Average production from the well is currently about 250 BOPD, 132 MCFD and 1,500 BWPD. Legacy plans to install a larger pump in this well and expects similar performance as the No. 2 well.

The Fandango lease is overproduced approximately 8,000 BO. Legacy requests that all accumulated overage be cancelled.

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 Sledgehammer (Fusselman) Field was discovered in 1986 and has a top allowable of 172 BOPD.
3. There are five producing oil wells on the current proration schedule.
4. Legacy has recently taken over operations of the Fandango Well Nos. 1 and 2 in the Sledgehammer (Fusselman) Field and has performed workovers on both wells.
 - a. The Fandango No. 2 was originally completed in 1997 and produced from perforations between 9,672 feet and 9,677 feet.
 - b. In October 2010, perforations were added and the well was equipped with a submersible pump.
 - c. After installation of the submersible pump, the No. 2 well was produced at a rate of approximately 170 BOPD, 1,600 BWPD and 88 MCFD.
 - d. In January 2011, a larger submersible pump was installed on the No. 2 well and production has been increased to an average of 450 BOPD, 3,100 BWPD and 129 MCFD.

- e. The Fandango No. 1 was originally completed in 1995 and produced from perforations between 9,686 feet and 9,689 feet.
 - f. In October 2010, perforations were added in the No. 1 well similar to the No. 2 well and a submersible pump was installed.
 - g. The No. 1 well initially produced at a rate of about 350 BOPD, 1,900 BWPD and 290 MCFD. Average production from the well is currently about 250 BOPD, 132 MCFD and 1,500 BWPD.
 - h. Legacy plans to install a larger pump in this well and expects similar performance as the No. 2 well.
5. Producing the No. 1 and No. 2 wells at rates of 450 BOPD will not cause waste. Daily production records for the No. 1 well indicate that the gas-oil ratio has remained consistently low at 300-500 cubic feet per barrel and the water-oil ratio has decreased as the rate of production has increased.
6. The lease is overproduced approximately 8,000 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 per well for the Fandango Well Nos. 1 and 2 and cancellation of overproduction for the lease in the Sledgehammer (Fusselman) 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 450 BOPD for both the Fandango No. 1 and No. 2 wells and cancellation of overproduction on the lease in the Sledgehammer (Fusselman) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner