

June 2, 2005

OIL AND GAS DOCKET NO. 08-0242657

THE APPLICATION OF BRIGHT & CO TO CONSIDER AN MER ALLOWABLE FOR THE 13 MILES LEASE WELL NO. 1, ELLWOOD (MISSISSIPPIAN) FIELD, STERLING COUNTY, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: May 20, 2005

APPEARANCES:

John Soule, attorney
Tracy D. Tenison (via phone)

REPRESENTING:

Bright & Co

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

Bright & Co had originally requested an MER allowable for its 13 Miles Lease Well No. 1 and cancellation of overproduction. At the hearing, Bright withdrew its request for an MER allowable and now requests only that all overproduction for the lease be canceled.

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

DISCUSSION OF EVIDENCE

The Ellwood (Mississippian) Field was discovered in 1955 at 7,777' subsurface depth. The field is governed by Statewide Rules. The top allowable in the field is 101 BOPD based on the 1947 yardstick. Bright is the only operator in the field with 3 wells.

The Bright & Co., 13 Miles Lease Well No. 1 was completed in October 2004 and potentialed at 167 BOPD through perforations from 7,559' to 7,567' subsurface depth. Initially the well was producing over the top allowable as based on the 1947 yardstick. Since December 2004, the daily production rate has fallen from 140 BOPD to below 100 BOPD in March 2005. It is proposed that only the overproduction be cancelled. Correlative rights will not be adversely affected as the closest producing well in the subject field is over one mile away.

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 Ellwood (Mississippian) Field was discovered in 1955 at 7,777' subsurface depth.
 - a. The field is governed by Statewide Rules.
 - b. The top allowable in the field is 101 BOPD based on the 1947 yardstick.
3. The Bright & Co., 13 Miles Lease Well No. 1 was completed in October 2004 and potentialed at 167 BOPD through perforations from 7,559' to 7,567' subsurface depth.
 - a. Since December 2004, the daily production rate has fallen from 140 BOPD to below 100 BOPD in March 2005.
4. Cancellation of overproduction will not harm correlative rights.

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. Cancellation of overproduction for the Bright & Co., 13 Miles Lease Well No. 1 will not harm correlative rights and will not cause waste.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends cancellation of overproduction for the Bright & Co., 13 Miles Lease Well No. 1.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel