

THE APPLICATION OF ENDEAVOR ENERGY RESOURCES L.P. TO CANCEL OVERPRODUCTION FOR THE FRED HALL UNIT LEASE NO. 1H IN THE BETTY SUE (DEVONIAN) FIELD, MIDLAND COUNTY, TEXAS

Heard by: Donna K. Chandler on November 15, 2007

Appearances:

Dale Miller

Representing:

Endeavor Energy Resources L.P.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Endeavor Energy Resources L.P. requests that all overproduction for its Fred Hall Unit No. 1H in the Betty Sue (Devonian) Field be cancelled. Endeavor had originally requested an MER for the well, but MER authority is not necessary.

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

DISCUSSION OF EVIDENCE

The Fred Hall Unit No. 1H was completed in April 2003. In May, 2003, Endeavor filed completion papers to classify the well as a gas well with a 93,000:1 gas liquid ratio. In August 2003, Endeavor was notified by the District Office that an inclination survey was lacking for this horizontal well. In February 2005, Endeavor was advised that the well should be classified as an oil well. A Form W-2 was filed in June indicating a potential of 3 BOPD, 298 MCFD, with a GOR of 99,333 cubic feet per barrel, with a test date of April 8, 2003. Apparently, this form was never received by the Commission's Austin office and the other completion papers could not be located. Endeavor re-filed the W-2 and accompanying completion papers in November 2005.

An allowable of 3 BOPD was finally assigned to the well on November 28, 2005. However, the April 8, 2003 potential test was not indicative of the well's producing capability. For the remainder of 2003, the well averaged 30-40 BOPD. A Form W-2 indicating a rate of 14 BOPD was filed in June 2004 but was not updated in the Commission's system until June 2006. By this time, the well was overproduced over 24,000 BO and 189 MMCF of gas.

The well currently produces 13 BOPD and 200 MCFD on rod pump. The top allowable which could be assigned to this horizontal well based on 80 acres is 524 BOPD. The only other well carried in the field is almost four miles away. Cancelling the overproduction for the subject well will not harm correlative rights or cause waste. The accumulated overproduction is a result of numerous paper-filing issues.

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 Fred Hall Unit No. 1H was completed in April 2003 and Endeavor filed completion papers to classify the well as a gas well.
3. In February 2005, Endeavor was advised that the well should be classified as an oil well and Form W-2 was filed in June indicating a potential of 3 BOPD, 298 MCFD, with a GOR of 99,333 cubic feet per barrel, with a test date of April 8, 2003.
4. As a result of various misplaced paperwork and delays in processing, the well was not assigned an allowable until November 28, 2005.
5. By June 2006, the well was overproduced over 24,000 BO and 189 MMCF of gas as a result of the 3 BOPD allowable. The well was actually capable of 30-40 BOPD during most of 2003.
6. The well currently produces 13 BOPD and 200 MCFD on rod pump. The top allowable which could be assigned to this horizontal well based on 80 acres is 524 BOPD.
7. The only other well carried in the field is almost four miles away.

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 Fred Hall Unit lease in the Betty Sue (Devonian) Field will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends cancellation of overproduction for the Fred Hall Unit lease in the Betty Sue (Devonian) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner