

THE APPLICATION OF BURLINGTON RES O & G CO-MIDLAND FOR A NET GAS OIL RATIO AUTHORITY FOR EACH WELL ON THE W. N. WADDELL LEASE, RUNNING W, N. (WOLFCAMP) FIELD, CRANE COUNTY, TEXAS

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

DATE OF HEARING: December 9, 2009

APPEARANCES:

Robert Walker
Alicia Fulton
Luz Mery Campo

REPRESENTING:

Burlington Res O & G Co-Midland

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Burlington Res O & G Co-Midland ("Burlington") requests authority to produce each well on the W. N. Waddell Lease under increased net gas-oil ratio authority with a daily casinghead gas limit of 500 MCFGPD. Burlington also requests that all overproduction for the lease be canceled.

This application was unopposed and the examiner recommends approval of the increased net gas-oil ratio authority with a daily casinghead gas limit of 500 MCFGPD for each well on the W. N. Waddell Lease and cancellation of the lease overproduction.

DISCUSSION OF EVIDENCE

The Running W, N. (Wolfcamp) Field was discovered in March 1981 upon completion of the W. N. Waddell Lease, Well No. 1128. There is currently one producing well and one shut-in well carried on the oil proration schedule. The field is under statewide rules and the top allowable in the field is 102 BOPD with a casinghead gas limit of 204 MCFGPD. Cumulative production through November 2009 is 104.1 MBO and 386.3 MMCFG.

The one producing well, the W. N. Waddell Lease, Well No. 1976, is completed through perforations between 5,867 and 6,028 feet. The well potentialized in December 2008 producing by submersible pump at a rate of 408 BOPD, 303 MCFGPD and 1,968 BWPD. As the water was unloaded from the well, the GOR began to increase and has averaged 10,549 cubic feet per barrel with gas production rates over 500 MCFPD. As a result, the well was receiving a penalized oil allowable due to the high gas-oil ratio. Cumulative production from the well is 14,427 BO and 105.1 MMCFG and the well is currently producing 26 BOPD, 113 MCFGPD and 211 BWPD. The lease is overproduced through October 2009 by 39,364 MCFG.

The Wolfcamp reservoir is a localized stratigraphic trap that has a strong water drive as the primary drive mechanism. Burlington has mapped the reservoir with 3-D seismic and is planning on drilling several infill development wells. Restricting gas production in this reservoir is not necessary to prevent waste. In addition, restriction of gas production would allow the water to further encroach and hinder the oil production, thereby reducing the ultimate recovery from the infill wells.

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 Running W, N. (Wolfcamp) Field was discovered in March 1981 upon completion of the W. N. Waddell Lease, Well No. 1128. There is currently one producing well and one shut-in well carried on the oil proration schedule.
3. The field is under statewide rules and the top allowable in the field is 102 BOPD with a casinghead gas limit of 204 MCFGPD.
4. The one producing well, the W. N. Waddell Lease, Well No. 1976, is completed through perforations between 5,867 and 6,028 feet. The well potentialized in December 2008 producing by submersible pump at a rate of 408 BOPD, 303 MCFGPD and 1,968 BWPD.
5. As the water was unloaded from the well, the GOR began to increase and has averaged 10,549 cubic feet per barrel with gas production rates over 500 MCFPD. As a result, the well was receiving a penalized oil allowable due to the high gas-oil ratio.
6. The Wolfcamp reservoir is a localized stratigraphic trap that has a strong water drive as the primary drive mechanism. Burlington has mapped the reservoir with 3-D seismic and is planning on drilling several infill development wells.

7. Restricting gas production in this reservoir is not necessary to prevent waste. In addition, restriction of gas production would allow the water to further encroach and hinder the oil production, thereby reducing the ultimate recovery from the infill wells.
8. The lease is overproduced through October 2009 by 39,364 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 an increased net gas-oil ratio authority with a casinghead gas limit of 500 MCFGPD for all wells on the W. N. Waddell Lease in the Running W, N. (Wolfcamp) Field and cancellation of the lease overproduction will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that all wells on the W. N. Waddell Lease in the Running W, N. (Wolfcamp) Field be authorized to produce under net gas-oil ratio authority with a daily casinghead gas limit of 500 MCFGPD and that all accumulated overproduction for the lease be canceled.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner