

**THE APPLICATION OF WHEELER OPERATING CORPORATION TO ESTABLISH AN
MER FOR THE ARNWINE-WILSON UNIT WELL NO. 1 IN THE HAMILTON
(CANYON) FIELD, HOCKLEY COUNTY, TEXAS**

Heard by: Donna K. Chandler on July 21, 2000

Appearances:

Philip Patman
George Jackson

Representing:

Wheeler Operating Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Wheeler Operating Corporation requests approval of an MER of 300 BOPD for its Arnwine-Wilson Unit No. 1 in the Hamilton (Canyon) Field. In addition, it is requested that all overproduction for the well be canceled.

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

DISCUSSION OF EVIDENCE

The Hamilton (Canyon) Field was discovered in May 1997 upon completion of the Arnwine-Wilson Unit No. 1 at approximately 9,650 feet. There are three wells carried in this field, two operated by Wheeler and one operated by Marshall R. Young Oil Company. The top allowable in the field is 172 BOPD. Cumulative production from the Arnwine-Wilson No. 1 is over 250,000 BO.

The Arnwine-Wilson No. 1 was put on rod pump shortly after completion and produced approximately 120 BOPD with 600 BWP. In early 2000, the well was equipped with a submersible pump which has a maximum capacity of 2,800 barrels of fluid per day. At the end of the first three months on submersible pump, the well was producing 277 BOPD and 1,643 BWP. At this rate, the oil cut was 22.9%. Wheeler then produced the well only 18 hours per day for seven days, and the rate of production was 180 BOPD and 1,260 BWP, with a 12.5% oil cut. Production was then resumed for 24 hours a day, and the current rate is 244 BOPD and 1,676 BWP, with an oil cut of 12.7%.

As of August 1, 2000, the well was overproduced approximately 20,100 BO. Additional overproduction accrued during testing. It is requested that all overproduction for the well 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 Hamilton (Canyon) Field was discovered in May 1997 upon completion of the Arnwine-Wilson Unit No. 1 at approximately 9,650 feet.
3. The top allowable for wells in this field is 172 BOPD.
4. While on rod pump, the Arnwine-Wilson No. 1 produced approximately 120 BOPD with 600 BWPD.
5. On submersible pump, the well has produced at a rate of 277 BOPD and 1,643 BWPD, with oil cut of 22.9%.
6. When the rate of production is decreased to near the top allowable, oil cut decreases to 12.5%.
7. As of August 1, 2000, the well was overproduced approximately 20,100 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 300 BOPD and cancellation of overproduction for the Arnwine-Wilson Unit No. 1 (67728) in the Hamilton (Canyon) 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 300 BOPD for the Arnwine-Wilson Unit No. 1 in the Hamilton (Canyon) Field and cancellation of accumulated overproduction for the well.

Respectfully submitted,

Donna K. Chandler
Technical Examiner