



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0278562

THE APPLICATION OF RAW OIL & GAS, INC. TO ESTABLISH AN MER ALLOWABLE FOR THE BEN LEASE, WELL NO. 1, IN THE SMITH (SPRABERRY) FIELD, DAWSON COUNTY, TEXAS

HEARD BY: Brian Fancher, P.G. - Technical Examiner
Randall Collins - Legal Examiner

DATE OF HEARING: November 30, 2012

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale Miller

Raw Oil & Gas, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Raw Oil & Gas, Inc. ("Raw") requests an MER Allowable of 200 BOPD for its BenLease, Well No. 1 (API No. 42-305-30510), in the Smith (Spraberry) Field. Raw also requests that all accumulated overproduction for the well be cancelled.

The application is unopposed and the examiners recommend approval of the requested MER Allowable and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Smith (Spraberry) Field was discovered in November 1950 at a depth of 7,940 feet. The November 2012 oil proration schedule indicates there are seven producing oil wells and multiple operators carried on the proration schedule. The top allowable in the field is 133 barrels of oil per day ("BOPD"). Cumulative production from the field through October 2012 reported at 2.26 million barrels of oil ("MMBO") and 419.1 million cubic feet of natural gas ("MMCFG").

Raw completed the Ben Lease, Well No. 1, in the subject field on January 12, 2012 through perforations between 7,668 feet and 7,738 feet. The initial potential test was performed while the



subject well was on rod pump. The initial potential test results reported the subject well produced at 218 BOPD, 56 MCFGPD and 33 BWPD.

Current production averages are estimated as 177 BOPD, 45 MCFGPD and 33 BWPD. The gas-oil ratio is slightly less than 250 cubic feet per barrel. Raw believes that the flowing bottom hole pressure in the subject well is slowly declining. Raw testified it believes allowing the subject well to produce at 200 BOPD will provide optimal recovery of hydrocarbons from the subject field.

Cumulative overproduction for the subject well through August 2012 is approximately 12,327 BO. Raw requests that all overproduction be canceled. Raw testified it believes cancellation of overproduction from the subject well is appropriate, as it will not cause waste or harm correlative rights.

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 Smith (Spraberry) Field was discovered in 1950 at a depth of 7,940 feet.
 - a. There are 7 producing oil wells and multiple operators carried on the November 2012 oil proration schedule.
 - b. The top allowable in the field is 133 BOPD.
3. Raw Oil & Gas, Inc. ("Raw") completed the Ben Lease, Well No. 1 ("Ben No. 1"), in the Smith (Spraberry) Field in January 2012 through perforations between 7,668 feet and 7,738 feet. The initial potential test was performed on rod pump and reported a production rate of 218 barrels of oil per day ("BOPD"), 56 thousand cubic feet of natural gas ("MCFGPD") and 33 barrels of water per day ("BWPD").
4. Current production averages 177 BOPD, 45 MCFGPD and 33 BWPD. The gas-oil ratio is slightly less than 250 cubic feet per barrel.
5. Increasing the oil allowable for the Ben No. 1 will not effect the ultimate recovery from the well and will not cause waste.
6. Cancellation of overproduction from the Ben No. 1 is appropriate.


CONCLUSIONS OF LAW


1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. All things have occurred or been accomplished to give the Commission jurisdiction in this matter.
3. Approval of an MER Allowable of 200 BOPD and cancellation of the overproduction for the Ben Lease, Well No. 1, in the Smith (Spraberry) Field will not cause waste and will promote development of the field.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve an MER Allowable of 200 BOPD and cancel the overproduction for the Ben Lease, Well No. 1, in the Smith (Spraberry) Field, as requested by Raw Oil & Gas, Inc..

Respectfully submitted,


Brian Fancher, P.G.
Technical Examiner


Randall Collins
Legal Examiner