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RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0279560

THE APPLICATION OF OCCIDENTAL PERMIAN LTD. TO ESTABLISH AN MER FOR THE E. OWNBY LEASE, WELL NOS. 7 AND 8 IN THE OWNBY (CLEAR FORK, UPPER) FIELD, YOAKUM COUNTY, TEXAS

HEARD BY: Brian Fancher - Technical Examiner
Michael Crnich - Legal Examiner

EXAMINERS' REPORT PREPARED BY: Andres J. Trevino, P.E. - Technical Examiner

DATE OF HEARING: January 18, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Rick Johnson

Occidental Permian LTD

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Occidental Permian LTD (Occidental) requests an MER of 50 BOPD for its E. Ownby Lease Well Nos. 7 and 8 in the Ownby (Clear Fork, Upper) Field. Occidental also requests that all accumulated overproduction be cancelled for this lease.

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

DISCUSSION OF EVIDENCE

The E. Ownby Well Nos. 7 and 8 were completed in October 2011 in the Ownby (Clear Fork, Upper) Field by Occidental. The wells are completed at a depths of approximately 6,617 feet. The top allowable in the field is 151 BOPD MER for wells drilled on 80 acres. The E. Ownby Well Nos. 7 and 8 were drilled on 20 acre units and each have a top allowable of 38 BOPD.

The E. Ownby Well Nos. 7 and 8 are currently producing with rod pumping units. The wells had an initial potentials of 100 BOPD and 149 BOPD. The wells are adjacent to an active waterflood unit and are benefitting with higher than average oil production. The average oil rate for the wells has decreased to 45 BOPD. The producing gas-oil ratio is low and has remained nearly constant between 300 to 450 scf/bbl during the production history. Occidental believes that producing the wells at capacity (up to 50 BOPD) will not harm the reservoir as the reservoir is in the late stages of production. Cumulative overproduction for the lease is estimated to be approximately 19,641 BO as of December 1, 2012. It is requested that all overage 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 E. Ownby Well Nos. 7 and 8 were completed in October 2011 as a pumping wells with initial potentials of 100 BOPD and 149 BOPD.
3. The top allowable for the Ownby (Clear Fork, Upper) Field is 151 BOPD for wells drilled on 80 acre units. The E. Ownby Well Nos. 7 and 8 are drilled on 20 acre drilling units and have a top allowable of 38 BOPD.
4. The E. Ownby Well Nos. 7 and 8 are completed as pumping oil wells on October 2011.
 - a. The wells had an initial potentials of 100 BOPD and 149 BOPD. The average oil rate for the wells has currently decreased to 45 BOPD.
 - b. The wells are adjacent to an active waterflood unit and are benefitting with higher than average oil production.
 - c. The producing gas-oil ratio is low, and nearly constant between 300-450 cubic feet per barrel.
5. Producing the E. Ownby Well Nos. 7 and 8 at rates up to 50 BOPD will not cause waste.
6. The subject lease is overproduced approximately 19,641 BO as of December 1, 2012.

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 50 BOPD and cancellation of overproduction for the E. Ownby Well Nos. 7 and 8 in the Ownby (Clear Fork, Upper) Field will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiners recommend approval of an MER of 50 BOPD per well and cancellation of overproduction for the E. Ownby Lease Well Nos. 7 and 8 in the Ownby (Clear Fork, Upper) Field.



Andres J. Trevino, P.E.
Technical Examiner

Respectfully submitted,



Michael Crnich
Legal Examiner