

**THE APPLICATION OF OXY USA WTP LP TO ESTABLISH THE MOST EFFICIENT RATE OF PRODUCTION FOR THE DIAMOND -M- (WOLFCAMP) FIELD, BORDEN AND SCURRY COUNTIES, TEXAS**

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

**HEARING DATE:** October 12, 2011

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

John Soule  
Olga Kobzar  
Hirofumi Yamamoto

Oxy USA WTP LP

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Oxy USA WTP LP ("Oxy") requests that all over-production in the Diamond -M- (Wolfcamp) Field, ID No. 24562 710, be cancelled. Oxy had originally requested a most efficient rate of production for the field, but the two wells in the field are now producing below the field assigned oil allowable.

The application is unopposed and the examiner recommends cancellation of the over-production in the Diamond -M- (Wolfcamp) Field.

**DISCUSSION OF EVIDENCE**

The Diamond -M- (Wolfcamp) Field was discovered in October 1952 at an average depth of 5,300 feet. There are two producing oil wells carried on the proration schedule and Oxy is the only operator in the field. Current Field Rules provide for 330'-933' well spacing and 40 acre oil units. The top allowable is 102 BOPD with a maximum casinghead gas-oil ratio of 2,000 cubic feet per barrel. Cumulative production from the field through August 2011 is 2.7 MMBO and 146.0 MMCFG.

The Herman Gartner Lease, Well No. 5711, was completed in the Diamond -M- (Wolfcamp) Field in December 2010 through perforations from 5,320 feet to 5,797 feet. On initial test, the well produced pumping at a rate of 32 BOPD, 2 MCFGPD and 811

BWPD, with a gas-oil ratio of 63 cubic feet per barrel.

The JE Sorrells "A" Lease, Well No. 5415, was completed in the Diamond -M- (Wolfcamp) Field in February 2011 through perforations from 5,430 feet to 5,485 feet. On initial test, the well produced pumping at a rate of 106 BOPD, 71 MCFGPD and 406 BWPD, with a gas-oil ratio of 670 cubic feet per barrel.

Both wells were placed on an electric submersible pump ("ESP") in March 2011 and began producing above the top allowable of 102 BOPD. Oxy had originally requested a most efficient rate of production for the field, but the two wells in the field are now producing below the field assigned oil allowable.

The cumulative over-production for the Herman Gartner Lease, Well No. 5711, and the JE Sorrells "A" Lease, Well No. 5415, is approximately 6,000 and 9,000 BO, respectively. Oxy requests that all over-production in the Diamond -M- (Wolfcamp) Field be cancelled.

**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 Diamond -M- (Wolfcamp) Field was discovered in October 1952 at an average depth of 5,300 feet.
  - a. There are two producing oil wells carried on the proration schedule and Oxy is the only operator in the field.
  - b. Current Field Rules provide for 330'-933' well spacing and 40 acre oil units.
  - c. The top allowable is 102 BOPD with a maximum casinghead gas-oil ratio of 2,000 cubic feet per barrel.
3. The Herman Gartner Lease, Well No. 5711, was completed in the Diamond -M- (Wolfcamp) Field in December 2010 through perforations from 5,320 feet to 5,797 feet. On initial test, the well produced pumping at a rate of 32 BOPD, 2 MCFGPD and 811 BWPD, with a gas-oil ratio of 63 cubic feet per barrel.
4. The JE Sorrells "A" Lease, Well No. 5415, was completed in the Diamond -M- (Wolfcamp) Field in February 2011 through perforations from 5,430 feet to 5,485 feet. On initial test, the well produced pumping at a rate of 106 BOPD, 71 MCFGPD and 406 BWPD, with a gas-oil ratio of 670 cubic feet per barrel.

5. Both wells in the field were placed on an ESP in March 2011 and began producing above the top allowable of 102 BOPD.
6. Both wells in the field are now producing below the field assigned oil allowable.
7. The cumulative over-production for the Herman Gartner Lease, Well No. 5711, and the JE Sorrells "A" Lease, Well No. 5415, is approximately 6,000 and 9,000 BO, respectively.

**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 over-production in the Diamond -M- (Wolfcamp) Field will not harm correlative rights and will not cause waste.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiner recommends cancellation of all over-production in the Diamond -M- (Wolfcamp) Field, as requested by Oxy USA WTP LP.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner