



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 7C-0297837**

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**THE APPLICATION OF COMPASS ENERGY OPERATING, LLC TO CONSIDER A MER ALLOWABLE AND CANCELLATION OF OVERPRODUCTION FOR THE SUGG FARMAR '20' LEASE, WELL NO. 2, LONESOME REEF (WOLFCAMP) FIELD, IRION COUNTY, TEXAS**

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**HEARD BY:** Karl Caldwell – Technical Examiner  
Marshall Enquist – Administrative Law Judge

**HEARING DATE:** October 2, 2015  
**CONFERENCE DATE:** November 17, 2015

**APPEARANCES:** James Clark  
**REPRESENTING:** Compass Energy Operating, LLC

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Compass Energy Operating, LLC ("Compass") requests approval of a MER allowable of 175 BOPD for the Sugg Farmar '20' Lease, Well No. 2, Lonesome Reef (Wolfcamp) Field, Irion County, Texas. Compass also requests that all overproduction for the well be cancelled, estimated to be 9,700 BO through November, 2015. There is no overproduction of casinghead gas.

The application is unprotested and the Examiners recommend approval of the requested 175 BOPD MER allowable, and cancellation of all overproduction through November, 2015, for the Sugg Farmar '20' Lease, Well No. 2, as requested by Compass.

#### DISCUSSION OF THE EVIDENCE

Form W-2 for the recompletion of the Sugg Farmar '20' Lease, Well No. 2 (API No. 42-235-35456), in the Lonesome Reef (Wolfcamp) Field shows initial potential testing for the recompletion of the subject well was conducted on January 1, 2015. Over a 24-hour period, the well produced 187 BOPD and 74 Mcf of gas per day, at a

gas to oil ratio (GOR) of 395. The oil proration schedule for the Lonesome Reef (Wolfcamp) Field shows a Yardstick oil allowable of 111 BOPD, and a casinghead gas allowable of 222 Mcf per day. The subject well has never been able to produce its casinghead gas limit of 222 Mcf per day. The well is currently flowing up tubing, and is not yet on artificial lift.

The Sugg Farmar '20' Lease, Well No. 2 was tested on various choke sizes between August 29, 2015 and September 15 2015 to determine the MER. Testing consisted of varying the choke size between 10/64<sup>th</sup> inch and 14/64<sup>th</sup> inch. Test results show that the tubing pressure remained fairly constant between the various choke sizes during the duration of the testing period (Table 1).

Table 1: MER Test Results

Choke Size	Average Daily Oil Rate	Average Daily Gas Rate	GOR	Average FTP
14/64"	160 BO	177 Mcf	1,113	529 psi
12/64"	129 BO	164 Mcf	1,278	550 psi
11/64"	109 BO	129 Mcf	1,181	550 psi

The GOR was lowest at the highest production rate, which corresponded to a 14/64" choke. Plotting the GOR versus daily oil rate for the subject well during the testing period indicated that the GOR decreased as the daily oil production increased. Producing the well at a higher daily oil rate with a corresponding lower GOR value will increase the ultimate recovery of oil from the reservoir. Based on the test results, the Applicant is requesting a MER of 175 BOPD, as the daily oil production rates varied between 145 BOPD and 177 BOPD on the 14/64" choke size. In addition, the Applicant is requesting oil overproduction in the amount of 9,700 BO, through November 2015 be cancelled, and re-iterated the subject well has incurred no overproduction of gas.

#### **FINDINGS OF FACT**

1. Notice of this hearing was provided to all operators in the field at least ten (10) days' prior to the date of the hearing and no protests were received.
2. The Sugg Farmar '20' Lease, Well No. 2 (API No. 42-235-35456), was recompleted in the Lonesome Reef (Wolfcamp) Field, Irion County, Texas.
3. The well was tested on January 11, 2015, producing 187 BOPD and 74 Mcf of gas per day, at a GOR of 395 over a 24 hour period.
4. The oil proration schedule for the Lonesome Reef (Wolfcamp) Field shows a Yardstick oil allowable of 111 BOPD, and a casinghead gas allowable of 222 Mcf per day.

5. The well is currently flowing up tubing
6. The Sugg Farmar '20' Lease, Well No. 2 was tested on various choke sizes between August 29, 2015 and September 15, 2015.
7. The gas to oil ratio (GOR) was lowest at the highest production rate, which corresponded to a 14/64" choke.
8. During the testing period, the daily oil production rates varied between 145 BOPD and 177 BOPD on the 14/64" choke size.
9. The GOR versus daily oil rate during the testing period indicated that the GOR decreased as the daily oil production increased.
10. The Applicant is requesting oil overproduction in the amount of 9,700 BO, through the end of November 2015, be cancelled.
11. The subject well has incurred no overproduction of gas.

#### **CONCLUSIONS OF LAW**


1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval a MER of 175 BOPD and cancellation of oil overproduction will prevent waste and will protect correlative rights.

#### **EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Sugg Farmar '20' Lease, Well No. 2, Lonesome Reef (Wolfcamp) Field, Irion County, Texas be authorized to produce at a MER of 175 BOPD and 9,700 BO of overproduction be cancelled.

Respectfully submitted,

  
Karl Caldwell  
Technical Examiner

  
Marshall Enquist  
Administrative Law Judge