



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 02-0301501

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THE APPLICATION OF DOUBLE PLAY OIL & GAS, INC. TO CONSIDER A MAXIMUM EFFICIENT RATE ALLOWABLE AND TO CANCEL ALL OVERPRODUCTION FOR THE MCNEILL NORTHEAST LEASE, WELL NO. 1-C, PAISANO CREEK (HOCKLEY) FIELD, LIVE OAK COUNTY, TEXAS

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HEARD BY: Peggy Laird, P.G. - Technical Examiner  
Jennifer Cook - Administrative Law Judge

HEARING DATE: October 28, 2016

CONFERENCE DATE: April 4, 2017

**APPEARANCES:**

Dale Miller  
Glenn Burdine

Double Play Oil & Gas, Inc.

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Double Play Oil & Gas, Inc. ("DPOG") seeks a maximum efficient rate allowable ("MER") of 100 barrels of oil per day for its McNeill Northeast Lease (No. 02-09187), Well No. 1-C (API No. 42-297-34732) (the "Well"), in the Paisano Creek (Hockley) Field (the "Field"), Live Oak County, Texas. DPOG provided evidence demonstrating that the Well could be efficiently operated at the requested MER. DPOG also requests that accrued overproduction be cancelled, and the allowable be increased to 100 barrels of oil per day ("BOPD"). DPOG is the only operator in the Field, and the application is not protested. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend DPOG's application be granted.

### DISCUSSION OF THE EVIDENCE

The McNeill Northeast Lease Well No. 1-C is located about 3 miles southwest of Dinero, Texas. DPOG completed the Well on June 10, 2007 and the wellbore was a dual completion. The casing side was completed with perforations from 4,362 feet to 4,365 feet in the Hockley sand, as shown on the type log (Exhibit 12). The tubing side was completed with perforations from 5,155 feet to 5,180 feet in the Yegua sand, but this zone was abandoned in November 2007. The Field has a top allowable of 75 BOPD and the gas oil ratio ("GOR") is 2,000 standard cubic feet per stock tank barrel ("SCF/STB").

The initial potential test, dated November 6, 2007, shows the 24-hour rates were 125 BOPD, 382 thousand cubic feet of gas per day ("MCFGPD"), and 28 barrels of water per day ("BWPD"). The Well was initially flowing on a 22/64" choke and five months later it was equipped with a pumping unit on November 23, 2007.

DPOG is pumping the Well 24 hours a day, and wants to continue to produce the Well in this manner for as long as possible. They believe this is optimal for the overall recovery of reserves from the Well. DPOG ran a fluid level test on August 16, 2016, and there was 1,789 feet of head above the pumping unit, showing that they are not pulling the Well down. DPOG considers it is not advisable to turn a pumping unit on and off as it causes unnecessary wear and tear on the rod string, pump and tubulars, and the oil production rate can diminish, thereby causing waste.

The most recent Form W-10 indicates that the Well was tested on April 7, 2016, and can produce 98 BOPD, which is similar to the initial potential test results. Evidence presented shows the Well was producing an average of 93 BOPD in the month of January 2016. DPOG requests to increase the top daily allowable for the Well to keep it in compliance with the assigned lease allowable and to prevent any additional overproduction. DPOG requests that all the accrued overproduction on the McNeill Northeast Lease be cancelled or held in abeyance and that the Well be allowed to pump and produce at its capacity of approximately 100 BOPD.

### 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 the hearing.
2. DPOG completed the Well on June 10, 2007 and the wellbore was a dual completion.
3. The initial potential test, dated November 6, 2007, shows the 24-hour rates were 125 BOPD.

4. The Well was initially flowing on a 22/64" choke and five months later it was equipped with a pumping unit on November 23, 2007.
5. DPOG ran a fluid level test on August 16, 2016, and there was 1,789 feet of head above the pumping unit, showing that they are not pulling the Well down.
6. The most recent Form W-10 indicates that the Well was tested on April 7, 2016, and can produce 98 BOPD, which is similar to the initial potential test results.
7. The Well can produce efficiently at a maximum efficient rate allowable of 100 barrels of oil per day.

### CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code §§ 1.43 and 1.45.
3. An MER allowable of 100 BOPD and will prevent waste and protect correlative rights.

### EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the application of Double Play Oil & Gas, Inc. for an MER allowable of 100 barrels of oil per day for its McNeill Northeast Lease, Well No. 1-C, in the Paisano Creek (Hockley) Field, Live Oak County, Texas. In addition, the Examiners recommend that overproduction be cancelled.

Respectfully submitted,



Peggy Laird  
Technical Examiner



Jennifer Cook  
Administrative Law Judge

RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION

OIL & GAS DOCKET NO. 02-  
0301501

IN THE PAISANO CREEK (HOCKLEY)  
FIELD, LIVE OAK COUNTY, TEXAS

FINAL ORDER  
GRANTING THE APPLICATION OF DOUBLE PLAY OIL & GAS, INC.  
TO CONSIDER A MAXIMUM EFFICIENT RATE ALLOWABLE  
AND TO CANCEL OVERPRODUCTION FOR THE  
MCNEILL NORTHEAST LEASE, WELL NO. 1-C,  
PAISANO CREEK (HOCKLEY) FIELD, LIVE OAK COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on October 28, 2016 the Technical Examiner and Administrative Law Judge (collectively, "Examiners") have made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application complies with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the Examiners' report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the McNeill Northeast Lease (No. 02-09187), Well No. 1-C (API No. 42-297-34732), in the Paisano Creek (Hockley) Field, Live Oak County, Texas, may be produced under a maximum efficient rate allowable of 100 barrels of oil per day. It is further **ORDERED** that all accumulated overproduction on the McNeill Northeast Lease in the Paisano Creek (Hockley) Field is canceled.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the Commission's order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code §2001.142, by agreement under Tex. Gov't Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov't Code §2001.146(e). If a timely motion for rehearing of an application is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to Tex. Gov't Code §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 90 days from the date Commission Order is signed.

Done this 4<sup>th</sup> day of April, 2017.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by  
Hearings Divisions' Unprotested Master Order  
dated April 4, 2017)