



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 10-0304966

THE APPLICATION OF MEWBOURNE OIL COMPANY TO CONSIDER A NET GAS-OIL RATIO AND CANCEL OVERPRODUCTION FOR THE LARRY DON AND JOYCE SMITH 70 LEASE (NO. 09495), PAN PETRO (MARMATON) FIELD, OCHILTREE COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Ryan Lammert – Administrative Law Judge

HEARING DATE: August 3, 2017

CONFERENCE DATE: September 19, 2017

APPEARANCES:

APPLICANT:

James Clark, P.E.

REPRESENTING:

Mewbourne Oil company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Mewbourne Oil Company ("Mewbourne") requests the Commission cancel the overproduction that has accrued to its Larry Don and Joyce Smith 70 Lease (No. 09495) in the Pan Petro (Marmaton) Field, Ochiltree County, Texas. In its original application, Mewbourne also sought authority to produce the well at an increased net gas-oil ratio. However, the well production had declined and Mewbourne withdrew that increased net gas-oil ratio provision because it was no longer needed. The application was not protested. The administrative law judge and technical examiner ("Examiners") recommend Mewbourne's application be granted and the overproduction 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 the hearing.
2. Mewbourne's Larry Don and Joyce Smith 70 Lease (No. 09495), well No. M001MD (API No. 42-357-33625), is a horizontal well that was completed

on October 19, 2016, at a total vertical depth of 7,061 feet in the Pan Petro (Marmaton) Field, Ochiltree County, Texas.

3. On initial potential testing the well produced 239 barrels of oil and 211 thousand cubic feet ("mcf") of gas, at a gas-oil ratio of 882 mcf/barrel.
4. The well is completed in a structurally lower position than Mewbourne's adjacent Luane 54 Lease Well No. M001MD, which produces with a lower gas-oil ratio.
5. The Smith 70 Lease well was stimulated with more than 3 million gallons of water and 3 million pounds of proppant.
6. The Smith 70 well produces from the stimulated reservoir volume, and there is no evidence of reservoir communication with other wells in the field.
7. There is no evidence of a gas cap or gas coning in the subject well or adjacent wells in the field, and there is no evidence of wasted reservoir energy.
8. As of July 2, 2017, the well is no longer capable of producing its casinghead gas allowable, and so an increased net gas-oil ratio is not necessary.
9. The well has accrued overproduction of 150,000 mcf casinghead gas.\
10. Cancellation of overproduction will enable Mewbourne to continue to produce the well without harm, protecting its correlative rights and preventing waste.
11. At the hearing, the applicant agreed on the record that a Final Order in this case is to be effective when the Master Order is signed.

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. Approval of the application will prevent waste and protect correlative rights.

4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on September 19, 2017.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of Mewbourne Oil Company to cancel overproduction for its Larry Don and Joyce Smith 70 Lease (No. 09495) in the Pan Petro (Marmaton) Field, Ochiltree County, Texas.

Respectfully submitted,



Paul Dubois
Technical Examiner



Ryan Lammert
Administrative Law Judge