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INTERIM *DIRECTOR*

## RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

OIL AND GAS DOCKET NO. 03-0312760

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**APPLICATION OF FORT APACHE ENERGY, INC. (277908) FOR AN INCREASED MER AND CANCELLATION OF OVERPRODUCTION FOR THE AUDIE L. MURPHY (26827) LEASE, WELL NOS. 1 AND 3, BIG AL (WILCOX 8300) FIELD, JASPER COUNTY, TEXAS**

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**HEARD BY:** Petar Buva – Technical Examiner  
Jennifer N. Cook – Administrative Law Judge

**HEARING DATE:** August 31, 2018  
**CONFERENCE DATE:** October 16, 2018

**APPEARANCES:** Dale Miller  
Allan P. Bloxsom III

**REPRESENTING:** Fort Apache Energy, Inc.

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Fort Apache Energy, Inc. ("Fort Apache") requests to increase the oil allowable for the Audie L. Murphy (26827) Lease, Well Nos. 1 and 3, from 133 barrels of oil per day ("BOPD") to 300 BOPD in the Big Al (Wilcox 8300) Field and cancel overproduction. There are no other operators in the field. The application is unopposed and the Administrative Law Judge and Technical Examiner (collectively, "Examiners"), recommend approval of the application.

#### DISCUSSION OF THE EVIDENCE

Fort Apache completed Well No.1, Audie L. Murphy Lease, on April 12, 2014, and Well No. 3, Audie L. Murphy Lease, on February 12, 2015. The Well No. 1 is currently producing on a 10/64 inch choke, while Well No. 3 is currently producing on a 9/64 inch choke.

The initial potential test for the Well No. 1, dated May 5, 2014, shows the rates were 388 BODP, 109 thousand cubic feet per day ("MCFPD"), and 0 barrels of water per day ("BWPD"). The initial potential test for the Well No. 3, dated February 13, 2015, shows the rates were 690 BODP, 240 MCFPD, and 6 BWPD. The reservoir is highly permeable, and the logs show the gross producing section is approximately 34 feet thick on the Well No. 1 and approximately 33 feet thick on the Well No. 3.

Presently the allowable for each of these wells is 133 BODP and 266 MCFPD. Both wells have consistently been producing oil in excess of the current top allowable. Fort Apache is following the wells 24 hours a day and wants to continue to produce the wells in this manner for as long as possible.

To prevent the unnecessary shut-in of these wellbores, Fort Apache is requesting to be granted a 300 BODP allowable per well with the current 266 MCFPD daily gas limit in place for the field. There is always a risk of losing productive performance of a well when it is shut-in to comply with allowable. To allow these wells to produce at rates up to 300 BODP will provide for optimizing the recovery from this reservoir. This will allow these wells to produce in the most efficient manner possible to recover the maximum amount of recoverable reserves. The existing daily limit of 266 MCFPD should be sufficient allow the wells to produce efficiently at the requested rate. Presently Well No. 1 makes 204 BODP on average and Well No. 3 makes 256 BODP on average, but it is possible that the oil production rate may increase as they have to open up to chokes to keep the wellbores unloaded or eventually put them on a pumping unit. The wells are capable of producing at much higher rates, but Fort Apache has held them back conserving reservoir energy to increase their ultimate recovery.

With adoption of the requested increase in the daily oil and gas allowable, Fort Apache is requesting that all overproduction accrued on Audie L. Murphy Lease be cancelled.

Fort Apache agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

#### **FINDINGS OF FACT**

1. Fort Apache is the only operator in the field and no protests were received.
2. Audie L. Murphy Lease, Well No. 1 was completed on April 12, 2014 and the Audie L. Murphy Lease Well No. 3 was completed on February 13, 2015.
3. The initial potential test for Well No. 1, dated May 15, 2014, shows the rates of 388 BODP, 109 MCFPD, and 0 BWPD. The initial potential test for Well

No. 3, dated February 13, 2015, shows the rates of 690 BOPD, 240 MCPD, and 6 BWPD.

4. The current daily allowable for Well Nos. 1 and 3 is 133 barrels of oil and 266 MCF of gas.
5. To prevent waste, Fort Apache is requesting to be granted a 300 BOPD allowable per well with the current 266 MCFPD in place.
6. Fort Apache agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

**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 of a MER of 300 BOPD for the Audie L. Murphy Lease, and cancellation of overproduction will prevent waste.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the consent of the applicants, this Final Order is effective when a Master Order relating to this Final Order is signed.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend a MER of 300 BOPD for the Audie L. Murphy Lease, and cancellation of overproduction.

Respectfully submitted,

  
Petar Buva  
Technical Examiner

  
Jennifer N. Cook  
Administrative Law Judge