



## RAILROAD COMMISSION OF TEXAS

### HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0319400**

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**APPLICATION OF RING ENERGY, INC. (712382) FOR AN INCREASED NET GAS-OIL RATIO AND TO CANCEL OVERPRODUCTION FOR THE PHOENIX STATE (50540) LEASE, MATTHEWS (BRUSHY CANYON) FIELD, CULBERSON COUNTY, TEXAS**

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

**HEARING DATE:** July 1, 2019  
**CONFERENCE DATE:** October 22, 2019

**APPEARANCES:** **REPRESENTING:**

**APPLICANT:**  
Kelli Kenney, Attorney  
Hollie Lamb, Engineer  
Ring Energy, Inc.

### **EXAMINERS' REPORT AND RECOMMENDATION**

#### **STATEMENT OF THE CASE**

Ring Energy, Inc. ("Ring") requests an increase of the gas to oil ratio ("GOR") and cancellation of overproduction for the Phoenix State (50540) Lease, Matthews (Brushy Canyon) Field, Culberson County, Texas. 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**

The Matthews (Brushy Canyon) Field was discovered on November 26, 2003 at a depth of 6,032 feet. Ring Energy is operating the only producing wells in the Matthews (Brushy Canyon) Field. The top oil allowable is 111 barrels of oil per day ("BOPD").

Ring Energy completed the Phoenix State, Well 1H on August 1, 2018. Structurally, the Phoenix State Lease is located in a gas portion of the Matthews (Brushy Canyon) Field. During initial testing, Well 1H stabilized at rates of 138 BOPD, 2800 million cubic feet per day ("MCFP"), and 1404 BOPD with a GOR of 20289 scf/stb. After W-2 approval, Well 1H is currently assigned a penalized oil allowable of 11 BOPD due to a high GOR.

Ring Energy has installed an electric submersible pump ("ESP") on the Phoenix State, Well 1H. Since January 2019, Ring Energy reduced frequency (Hz) on the ESP, attempting to control the GOR and reach the assigned allowable. However, the change in frequency had no effect to reduce the GOR during the time period. Ring Energy has also recently completed Well 2H on the Phoenix State Lease. Well 2H is also experiencing a high GOR similar to that in Well 1H, which cannot be reduced by reducing frequency on the ESP.

Ring is requesting a daily gas limit increase from 222 MCFPD to 2000 MCFPD. With adoption of the requested increase in the daily oil and gas allowable, Ring is requesting that all overproduction accrued on Phoenix State Lease be cancelled.

Ring agreed on the record, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), the final order for this case shall be final and effective on the date a Master Order relating to the final order is signed.

#### **FINDINGS OF FACT**

1. Ring is the only operator in the field and no protests were received.
2. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing.
3. The Matthews (Brushy Canyon) Field was discovered in 2003 and the top oil allowable in the field for June 2019 was 111 BOPD.
4. Well 1H is currently assigned a penalized oil allowable of 11 BOPD.
5. Ring Energy reduced the ESP frequency in an attempt to reduce gas production and reach the assigned allowable.
6. Changing the frequency on the ESP had no effect on the GOR and Ring Energy could not achieve the assigned allowable.
7. Ring Energy requests authority to produce Well 1H in the Matthews (Brushy Canyon) Field under an increased net gas-to-oil authority with a daily casinghead limit of 2000 MCFPD, such that the oil allowable shall not cause Ring Energy Inc.

to be penalized due to a high GOR. Additionally, Ring requests cancelation of all accrued overproduction.

8. Ring agreed in writing or on the record, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), the Final Order in this case shall be final and effective on the date a Master Order relating to 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 GOR increase for the Matthews (Brushy Canyon) Lease, and cancellation of overproduction will prevent waste.
4. Pursuant to §2001.144(a)(4)(A) of the Texas Government Code and by agreement of the parties in writing or on the record, the Final Order can be final and effective when a Master Order relating to the Final Order is signed.

### **EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend an increased daily casinghead limit of 2000 MCFPD and cancellation of overproduction for the Phoenix State Lease, Matthews (Brushy Canyon) Field, Culberson County, Texas, as requested by Ring Energy Inc.

Respectfully submitted,



Petar Buva  
Technical Examiner



Jennifer N. Cook  
Administrative Law Judge