



RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

OIL & GAS DOCKET NO. 09-0320291

APPLICATION OF G & F OIL, INC. (292000) TO CANCEL OVERPRODUCTION FOR THE RATER WEST (33392) LEASE, WELL NOS. 2 AND 4, ANTELOPE, S.E. (MARBLE FALLS) FIELD, JACK COUNTY, TEXAS

HEARD BY: Ashley Correll, P.G., Technical Examiner
Jennifer N. Cook, Administrative Law Judge

HEARING DATE: August 27, 2019

CONFERENCE DATE: November 19, 2019

APPEARANCES:

APPLICANT:
Dale E. Miller

REPRESENTING:
G & F Oil, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

G & F Oil, Inc. (292000) ("G & F") seeks the cancelation of its oil overproduction for the Rater West (33392) Lease ("Lease"), Well Nos. 2D and 4D, in the Antelope, S.E. (Marble Falls) Field ("Field"), in Jack County, Texas. Originally, G & F also requested a Net Gas-Oil Ratio ("GOR") for the Lease, but during the August 27, 2019 hearing, G & F withdrew the Net GOR request.

Caribou Operating, Inc. ("Caribou") was present at the August 27, 2019 hearing to protest a Net GOR request by G & F. During the hearing, Caribou represented that Caribou does not object to G & F's request to cancel overproduction on the Lease. Due to G & F withdrawing its request to establish a Net GOR, Caribou withdrew its protest.

The application is unopposed and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend G & F's application for the cancelation of all overproduction for the Lease be approved.

DISCUSSION OF THE EVIDENCE

The Field was discovered on March 20, 1982. The oil Field has a top current oil allowable of 102 barrels of oil per day ("BOPD") and a standard gas-oil ratio ("GOR") of 2,000 cubic feet per barrel. This provides for a current daily casinghead gas limit of 204 thousand cubic feet per day ("MCFD") for wells in the Field.

The Lease, Well No. 2D, was completed in August 2016 and has to date remained as a pumping oil well. Upon initial completion, the initial potential test resulted in 32 BOPD, 40 MCFD, and a GOR of 1,250 cubic feet per barrel. Well No. 4D on the Lease was completed in January 2017 and has to date remained as a pumping oil well. Upon initial completion, the initial potential test resulted in 28 BOPD, 65 MCFD and a GOR of 2,321 cubic feet per barrel. The current GOR from a recent well test is 14,400 cubic feet per barrel of oil on Well No. 2D and 11,071 cubic feet per barrel on Well No. 4D. This resulted in a penalized oil allowable being assigned to the respective wells.

Mr. Dale Miller testified that producing oil from the Lease at higher rates will not affect ultimate recovery from the reservoir and will prevent wasting reservoir energy.

In summary, G & F requests that all oil overproduction for the Lease be canceled. The Examiners recommend granting the application.

At the hearing, G & F agreed on the record that the Final Order in this case is to be final and effective when the Master Order relating to the Final Order is signed.

FINDINGS OF FACT

1. G & F Oil, Inc. ("G & F") seeks the cancelation of overproduction for the Rater West (33392) Lease ("Lease"), in the Antelope, S.E. (Marble Falls) Field, in Jack County, Texas.
2. G & F submitted its request for a hearing to establish a Net Gas Oil-Ratio ("GOR") and to cancel overproduction for the Lease on May 15, 2019.
3. On July 23, 2019 the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to G & F and all offsetting operators in the field setting a hearing date of August 27, 2019. Consequently, the parties received more than 10 days' notice. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted. The hearing was held on August 27, 2019 as noticed. Applicant appeared and participated at the hearing. Caribou Operating Inc. ("Caribou") appeared and participated in the hearing. Caribou originally protested the applicant's request for a Net GOR, but due to the

G & F withdrawing its Net GOR request during the hearing, Caribou withdrew its protest.

4. A Commission letter dated April 2, 2019 was sent to G & F regarding the intent to cancel the P-4 certificate of compliance for the Lease.
5. At the August 27, 2019 hearing, G & F withdrew its request to establish a Net GOR due to consulting with the protestant, Caribou Operating, Inc. Applicant intends to refile the Net GOR request at a later date.
6. The Well No. 2D was completed in August 2016 and the Well No. 4D was completed in January 2017 on the Lease in the Antelope, S.E. (Marble Falls) Field.
7. The initial potential test for the Well No. 2D resulted in 32 barrels of oil per day ("BOPD"), 40 thousand cubic feet per day ("MCFD") with a GOR of 1,250 cubic feet per barrel. The initial potential test for the Well No. 4D resulted in 28 BOPD, 65 MCFD with a GOR of 2,321 cubic feet per barrel.
8. The Lease was overproduced by 3,030 barrels of oil through July 2019.
9. Cancellation of the accrued overproduction for the Rater West Lease will prevent waste and will not harm correlative rights.
10. At the hearing, G & F agreed on the record that the Final Order in this docketed case is to be final and effective when a Master Order relating to this Final 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 §§1.42 and 1.45.
3. Approval of the cancellation of the overproduction on the Rater West Lease will not cause waste and will protect correlative rights.
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

The Examiner's recommend the application of G & F Oil Inc., for the cancelation of all overproduction for the Rater West (33392) Lease, in the Antelope, S.E. (Marble Falls) Field, in Jack County, Texas, be granted.

Respectfully submitted,



Ashley Correll, P.G.
Technical Examiner


Jennifer N. Cook
Administrative Law Judge