

OIL AND GAS DOCKET NO. 10-0253474

**THE APPLICATION OF JONES ENERGY, LTD TO CONSIDER INCREASED NET GOR
AUTHORITY FOR THE WELLS IN THE BIG LEBOWSKI (UPPER MORROW) FIELD,
OCHILTREE COUNTY, TEXAS**

Heard by: Andres J. Trevino, P.E. on October 16, 2007

Appearances:

Ana Maria Marsland-Griffith
Matt Houston
Craig M. Williams

Representing:

Jones Energy, LTD

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Jones Energy, LTD requests authority to produce its Dude Wilson Gas Unit 4 Well No. 6 and Dude Wilson 4 Lease, Wells No. 7 and 8 under increased net gas-oil ratio authority. Jones Energy also requests that all overproduction for the wells be canceled.

This application was unopposed and the examiner recommends approval of increased net gas-oil ratio authority with a daily gas limit of 1,000 MCFD per well and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Dude Wilson Gas Unit 4 Well No.6 was completed in June 2006 and is the discovery well for the Big Lebowski (Upper Morrow) Field. Two other wells have been completed in the field, the Dude Wilson 4 Lease, Wells No.7 and No.8. The top allowable in the field is 340 BOPD and 680 MCFD.

The subject wells were perforated in the Upper Morrow A Sand between 8,186 feet and 8,270 feet. On initial test, the No. 6 produced at a rate of 258 BOPD, 610 MCFD, the No. 7 produced at a rate of 69.3 BOPD, 509 MCFD and the No. 8 produced at a rate of 48.4 BOPD, 237 MCFD. The wells initially flowed but were then equipped with pumping units.

The Upper Morrow A sand is believed to be a fluvial deltaic deposit of limited size. There is no evidence of a gas cap and it is believed this is a solution gas drive reservoir with the pressure now below the bubble point. When Jones Energy attempted to restrict the gas production by closing off the casing valve, gas locking in the tubing occurred which reduced oil production. Reducing the pump rate on the wells caused sand sticking as the wells currently produce some sand. Restricting the gas production from these pumping wells is not necessary to prevent waste.

The Dude Wilson Gas Unit 4 Well No.6 has accumulated approximately 22,361 MCF of casinghead gas overproduction. Jones Energy requests that this overage be canceled.

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 hearing.
2. The top allowable in the Big Lebowski (Upper Morrow) Field is 340 BOPD and 680 MCFD.
3. The Dude Wilson Gas Unit 4 Well No.6 was completed in June 2006 and is the discovery well for the field. Two other wells have been completed in the field.
4. Initially, the No. 6 well flowed. The well was put on pump in July 2006. Later wells were placed on pump from the start.
5. The wells are capable of producing up to 258 BOPD and 1,000 MCFD. The well is not rate sensitive, but produces erratically.
6. The Dude Wilson Gas Unit 4 Well No.6 has accumulated approximately 22,361 MCF of casinghead gas overproduction

CONCLUSIONS OF LAW

1. Notice of this hearing was given as specified in the provisions of all regulatory codes.
2. All things have occurred or been accomplished to give the Commission jurisdiction in this matter.
3. Approval of increased net gas-oil ratio authority with a casinghead gas limit of 1,000 MCFD for the Dude Wilson Gas Unit 4 Well No.6 and the Dude Wilson 4 Lease, Wells No.7 and No.8 in the Big Lebowski (Upper Morrow)

Field and cancellation of overproduction will prevent waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Dude Wilson Gas Unit 4 Well No.6 and the Dude Wilson 4 Lease, Wells No.7 and No.8 in the Big Lebowski (Upper Morrow) Field be authorized to produce under net gas-oil ratio authority with a daily gas limit of 1,000 MCFD per well and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner