



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 06-0276342

THE APPLICATION OF MAXIMUS OPERATING, LTD TO ADOPT AN MER ALLOWABLE FOR THE CROW (PALUXY, LOWER) FIELD IN WOOD COUNTY, TEXAS

HEARD BY: Brian Fancher, P.G. - Technical Examiner
Terry Johnson - Legal Examiner

HEARING DATE: June 18, 2012

APPEARANCES:

REPRESENTING:

APPLICANT:

Rick Johnston

Maximus Operating, Ltd.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Maximus Operating, Ltd. ("Maximus") requests a Maximum Efficiency Rate ("MER") of 400 BOPD per well be adopted for all oil wells completed in the Crow (Paluxy, Lower) Field, ID No. 21971 410. In addition, Maximus requests that all over-production from the subject field be cancelled.

The application is unprotested and the examiners recommend approval of the application, as requested by Maximus.

DISCUSSION OF EVIDENCE

The Crow (Paluxy, Lower) Field is designated as an oil field and was discovered in March 1991. The June 2012 oil proration schedule indicates there are two operators in the field with one producing well carried on schedule. Current Field Rules provide for 330'-933' well spacing and 40 acre proration units. The top allowable is 121 BOPD with a maximum casinghead gas-oil ratio of 2,000 cubic feet per barrel. Cumulative production from the field through May 2012 is 346.2 MBO and 27.33 MMCFG.

In support of its application, Maximus submitted a tabulation of wells it had recently completed in the subject field. In total, two additional wells had been completed in April 2012 on its Richard Matthews Etal Lease along with four additional wells on its Anderson Charitable Trust Lease (Lease ID 15093). The twenty-four hour oil potential tests performed for the six new wells provided rates that range from 137 to 343 BOPD.

In its evidence, Maximus submitted a tabulation comprising of rate-sensitivity well test data based on well tests performed on the Anderson Charitable Trust Lease, Well No. 1. Maximus testified that while testing the well from May 04, 2012 through June 04, 2012, the well ceased producing once the well flow was choked-back.

Maximus submitted a tabulation of rate-sensitivity well test data for its Anderson Charitable Trust Lease, Well No. 2 performed from April 15, 2012 through June 06, 2012. Maximus testified that on average the well performed at the following rates:

<u>Choke size</u>	<u>Oil Production</u>	<u>Gas Production</u>	<u>GOR(SCF/Bbl)</u>
16-3/4"/ 64"	266 BOPD	75 MCFGPD	1 : 281
17-3/4"/ 64"	321 BOPD	81 MCFGPD	1 : 253
17"/ 64"	308 BOPD	80 MCFGPD	1 : 260

Maximus testified that as Well No. 2 was produced at a higher rate, the GOR slightly decreased; however, as the well was further choked-back the GOR indicated a modest increase.

Maximus submitted a copy of the Commission's monthly production report for the Anderson Charitable Trust Lease from July 2011 to May 2012. According to Commission record, the Anderson Charitable Trust Lease began reporting production in October 2011 with 289 BO produced. Shortly thereafter, the lease reported production of 5,949 BO in January 2012, upwardly progressing to 17,026 BO in April 2012.

Maximus submitted a copy of an oil allowable supplement issued by the Commission's administrative compliance group for the Anderson Charitable Trust Lease dated May 19, 2012. Maximus testified the supplement allowable mistakenly granted the lease an allowable of 231 BOPD per well. Maximus testified that once the Commission identifies this mistake an overproduction assessment will be attributed to the Anderson Charitable Trust Lease in the amount of approximately 10, 922 BO through April 2012. Therefore, in an effort to alleviate any overproduction that Maximus has accrued at the time of the hearing, it requested all overproduction 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 Crow (Paluxy, Lower) Field is designated as an oil field and was discovered in March 1991.
 - a. The June 2012 oil proration schedule indicates there are two operators in the field with one producing well carried on schedule.
 - b. Current Field Rules provide for 330'-933' well spacing and 40 acre oil units.
 - c. The top allowable is 121 BOPD with a maximum casinghead gas-oil ratio of 2,000 cubic feet per barrel.
3. Four additional oil wells were completed on the Anderson Charitable Trust Lease (Lease ID 15093) in March 2012. The twenty-four hour oil potential tests performed on the new wells range from 137 to 343 BOPD.
4. The Anderson Charitable Trust Lease, Well No. 2 was tested for rate-sensitivity from April 15, 2012 through June 06, 2012 and produced at rates from 266 BOPD to 321 BOPD.
5. The anticipated over-production for the Anderson Charitable Trust Lease through April 2012 is approximately 10,922 BO.

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 an Maximum Efficient Rate ("MER") allowable of 400 BOPD and cancellation of over-production in the Crow (Paluxy, Lower) Field will not harm correlative rights and will not cause waste.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend cancellation of all over-production in the Crow (Paluxy, Lower) Field, as requested by Maximus Operating, Ltd.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner



Terry Johnson
Legal Examiner