



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0277669

THE APPLICATION OF RAW OIL & GAS, INC. TO ESTABLISH AN MER ALLOWABLE FOR THE CARTWRIGHT LEASE, WELL NOS. 1 AND 2, SMITH (SPRABERRY) FIELD, DAWSON AND LYNN COUNTIES, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Randall Collins - Legal Examiner

DATE OF HEARING: September 20, 2012

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale E. Miller

Raw Oil & Gas, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Raw Oil & Gas, Inc. ("Raw") requests an MER Allowable of 375 BOPD for its Cartwright Lease, Well Nos. 1 (API No. 42-305-30496) and 2 (API No. 42-305-30502), Smith (Spraberry) Field. Raw also requests that all accumulated overproduction for the Cartwright Lease be cancelled.

The application is unopposed and the examiners recommend approval of the requested MER Allowable and cancellation of the Cartwright Lease overproduction.

DISCUSSION OF EVIDENCE

The Smith (Spraberry) Field was discovered in November 1950 at an average depth of 7,900 feet. There are 9 producing oil wells and four operators carried on the proration schedule. The field operates under Statewide Rules and the top oil allowable in the field is 133 BOPD. Cumulative production from the field through December 2010 is 2.1 MMBO and 352.3 MMCFG.

Raw completed the Cartwright Lease, Well Nos. 1 and 2, in the Smith (Spraberry) Field in September and November 2011, respectively. Well No. 1 produced on rod pump

at the highest rate of 384 BOPD, 94 MCFGPD and 12 BWPD through perforations in the Spraberry formation between 7,670 feet and 7,738 feet. Well No. 2 produced on rod pump at the highest rate of 442 BOPD, 84 MCFGPD and 19 BWPD through perforations in the Spraberry formation between 7,673 feet and 7,745 feet. The gas-oil ratio for both wells has been very low and has averaged between 250 and 300 standard cubic feet per barrel.

Since the initial completion, both wells have experienced paraffin build-up problems that has required remedial well work. To keep the wells producing, Raw had to install a capillary chemical injection tubing string in the annulus of each well. Raw believes that the ultimate recovery for the wells will be decreased due to paraffin build up if the oil production is curtailed. As a result, increasing the oil allowable will increase the ultimate recovery from each of the wells. Raw requests an MER Allowable of 375 BOPD for its Cartwright Lease, Well Nos. 1 and 2.

Cumulative overproduction for the Cartwright Lease through June 2012 is 59,068 barrels of oil. Raw also requests that the lease 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 Smith (Spraberry) Field was discovered in November 1950 at an average depth of 7,900 feet.
 - a. There are 9 producing oil wells and four operators carried on the proration schedule.
 - b. The field operates under Statewide Rules and the top oil allowable in the field is 133 BOPD.
3. Raw Oil & Gas, Inc. ("Raw") completed the Cartwright Lease, Well Nos. 1 and 2, in the Smith (Spraberry) Field in September and November 2011, respectively.
 - a. Well No. 1 produced on rod pump at the highest rate of 384 BOPD, 94 MCFGPD and 12 BWPD through perforations in the Spraberry formation between 7,670 feet and 7,738 feet.
 - b. Well No. 2 produced on rod pump at the highest rate of 442 BOPD, 84 MCFGPD and 19 BWPD through perforations in the Spraberry formation between 7,673 feet and 7,745 feet.
 - c. The gas-oil ratio for both wells has been very low and has averaged between 250 and 300 standard cubic feet per barrel.

4. Since the initial completion, both wells have experienced paraffin build-up problems that has required remedial well work.
 - a. To keep the wells producing, Raw had to install a capillary chemical injection tubing string in the annulus of each well.
 - b. The ultimate recovery for the subject wells will be decreased due to paraffin build up if the oil production is curtailed.
 - c. Increasing the oil allowable will increase the ultimate recovery from each of the subject wells.
5. The cumulative overproduction for the Cartwright Lease through June 2012 is 59,068 barrels of oil.

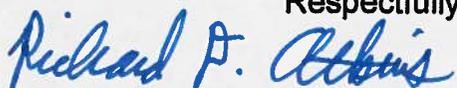
CONCLUSIONS OF LAW

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. All things have occurred or been accomplished to give the Commission jurisdiction in this matter.
3. Approval of an MER Allowable of 375 BOPD and cancellation of the overproduction for the Cartwright Lease, Well Nos. 1 and 2, Smith (Spraberry) Field will not cause waste and will not harm correlative rights.

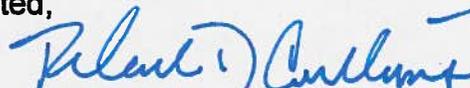
RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve an MER Allowable of 375 BOPD and cancel the overproduction for the Cartwright Lease, Well Nos. 1 and 2, Smith (Spraberry) Field, as requested by Raw Oil & Gas, Inc.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Randall Collins
Legal Examiner