



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 10-0288417

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**THE APPLICATION OF TEXAKOMA E & P, LLC TO CONSIDER A MER ALLOWABLE FOR THE N MCMORDIE 125 LEASE, WELL NO. 2, ST. CLAIR (GRANITE WASH) FIELD, ROBERTS COUNTY, TEXAS**

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

**DATE OF HEARING:** May 30, 2014

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Dale Miller  
Richard Atkins

Texakoma E & P, LLC

### EXAMINER'S REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Texakoma E & P, LLC ("TK") requests a Maximum Efficient Rate ("MER") allowable of 450 barrels of oil per day ("BOPD") for its N McMordie 125 Lease, Well No. 2 (API No. 42-393-32292), in the St. Clair (Granite Wash) Field, Roberts County, Texas. Also, TK requests that all accumulated overproduction for the well be cancelled.

The examiners take Official Notice of the Commission's completion report records pertaining to the subject well.

The application is unopposed and the examiners recommend approval of the requested MER allowable and cancellation of overproduction.

### DISCUSSION OF EVIDENCE

The St. Clair (Granite Wash) Field (“the Field”) is an associated-prorated field that was discovered at an average depth of 10,057 feet in February 1974. The Field’s May 2014 oil proration schedule includes eight operators and thirty-eight oil wells on schedule. The Field’s May 2014 gas proration schedule lists eleven operators and ninety-three gas wells on schedule. The Field’s top allowable is a 180 BOPD MER, and a net gas-to-oil ratio (“GOR”) of 1,500 thousand cubic feet per day (“MCFGD”). The Field’s cumulative reported production through April 2014 is 1.42 million barrels of oil, 10.9 billion cubic feet of casing-head gas (“BCFG”), 1.85 million barrels of condensate, and 81.1 BCFG of natural gas.

The N McMordie 125 Lease, Well No. 2 (“the Well”) is a vertical well. Initially, the Well was completed in the Field as a gas well on June 15, 2010. On June 25, 2010, TK filed a G-1 completion report<sup>1</sup> that indicated the Well produced was perforated from 9,550 feet to 9,996 feet. The respective initial potential test resulted in 510 MCFGD.

On August 17, 2013, TK recompleted the Well. On February 27, 2014, TK submitted a W-2 completion report<sup>2</sup> that indicated a cast-iron bridge plug and cement were set at 9,460 feet. TK added new perforations from 8,522 feet to 8,714 feet. On August 18, 2013, TK performed an initial potential test on open-flow that resulted in 1,099 BOPD, 998 MCFGD, 9 barrels of water per day (“BOWD”), and a GOR of 908 standard cubic feet per stock tank barrel.

The Well was tested at various production rates during May 2014 to determine rate sensitivity<sup>3</sup>. The average test results are summarized as follows:

<b>CHOKE (64<sup>th</sup>-inch)</b>	<b>18/64"</b>	<b>16/64"</b>	<b>14/64"</b>	<b>11/64"</b>
<b>FTP (psig)</b>	<b>361</b>	<b>342</b>	<b>334</b>	<b>265</b>
<b>OIL (bopd)</b>	<b>408</b>	<b>304</b>	<b>261</b>	<b>181</b>
<b>H<sub>2</sub>O (bwpd)</b>	<b>0.3</b>	<b>0.8</b>	<b>0</b>	<b>0.3</b>
<b>GAS (mcfgd)</b>	<b>347</b>	<b>257</b>	<b>204</b>	<b>124</b>
<b>GOR (ft3/bbl)</b>	<b>850</b>	<b>851</b>	<b>794</b>	<b>680</b>

The test results indicated that the Well produces more efficiently at higher oil rates. The gas-oil ratio was relatively constant, ranging only from 850 cubic feet per barrel to 680 cubic feet per barrel. The highest GOR of 1,040 cubic feet per barrel was obtained while producing the well at oil

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<sup>1</sup> Titled “Gas Well Back Pressure Test, Completion or Recompletion Report, and Log”, the Commission’s Form G-1 is commonly referred to a gas well completion report.

<sup>2</sup> Titled “Oil Well Potential Test, Completion or Recompletion Report, and Log”, the Commission’s Form W-2 is commonly referred to a oil well completion report.

<sup>3</sup> See TK’s Exhibit No. 7 - May 2014 Daily Production Report

290 BOPD. On smaller choke sizes, the Well loaded with fluid, as the flowing tubing pressure became erratic and fluctuated between 361 psig and 265 psig.

Consequently, TK requests that it be granted authority to produce the Well at a MER of 450 BOPD. TK testified that curtailing the Well's production, in order to stay at or below the Field's 180 BOPD MER, will result in physical waste of hydrocarbons due to loading.

TK requests that all overproduction from the Well in the Field be canceled. TK testified it believes cancellation of overproduction from the subject well is appropriate, as it will prevent physical waste of recoverable reserves. TK testified that its mentioned W-2 completion report has yet to be processed by Commission staff; however, it anticipates that the Well is overproduced by 106,446 barrels of oil and 121,542 thousand cubic feet of casing-head gas.

#### **FINDINGS OF FACT**

1. Texakoma E & P, LLC ("TK") requests a Maximum Efficient Rate ("MER") Allowable of 450 barrels of oil per day ("BOPD") for its N McMordie 125 Lease, Well No. 2 (API No. 42-393-32292), in the St. Clair (Granite Wash) Field, Roberts County, Texas.
2. The St. Clair (Granite Wash) Field ("the Field") is an associated-prorated field that was discovered at an average depth of 10,057 feet in February 1974.
3. The Field's top allowable is a 180 BOPD MER, and a net gas-to-oil ratio ("GOR") of 1,500 thousand cubic feet of gas per day ("MCFGD").
4. The N McMordie 125 Lease, Well No. 2 ("the Well") is a vertical well that was completed in the Field as a gas well on June 15, 2010.
5. On August 17, 2013, the Well was recompleted as an oil well.
6. On August 18, 2013, TK performed an initial potential test on open-flow that resulted in 1,099 BOPD, 998 MCFGD, 9 barrels of water per day ("BOWD"), and a GOR of 908 standard cubic feet per stock tank barrel.
7. The Well was tested at various production rates during May 2014 to determine rate sensitivity
8. In May 2014, TK tested the Well to determine its rate sensitivity. The Well produces more efficiently at higher oil rates.
9. On a 18/64" choke, the well produced on average 402 BOPD and 347 MCFGD with a GOR of 850 cubic feet per barrel.

10. On the smaller choke sizes, the well began to load-up with fluid, as the flowing tubing pressure became erratic and fluctuated between 361 pounds per square inch gauge (“psig”) and 265 psig.
11. Through March 2014, the Well was overproduced by 106,446 barrels of oil and 121,542 MCFG.

**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 a Maximum Efficient Rate (“MER”) allowable of 450 barrels of oil per day, and cancellation of accrued overproduction for the N McMordie 125 Lease, Well No. 2 (API No. 42-393-32292) in the St. Clair (Granite Wash) Field, Roberts County, Texas is appropriate.

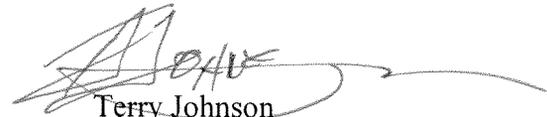
**EXAMINERS’ RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve a MER allowable of 450 BOPD and cancel the overproduction for the N McMordie 125 Lease, Well No. 2 (API No. 42-393-32292) in the St. Clair (Granite Wash) Field, Roberts County.

Respectfully submitted,



Brian Fancher, P.G.  
Technical Examiner



Terry Johnson  
Legal Examiner