



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7B-0295352

THE APPLICATION OF MICHAEL GREEN OIL PURSUANT TO STATEWIDE RULE 23 TO CONSIDER AUTHORITY TO INSTALL VACUUM PUMPS FOR THE J. B. MATTHEWS SEC. 32 (03438) LEASE, WELL NOS. 2 AND 4, AND THE J. B. MATTHEWS SEC. 29 (03537) LEASE, WELL NO. 8, SHACKELFORD COUNTY REGULAR FIELD, SHACKELFORD COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Terry Johnson – Hearings Examiner

DATE OF HEARING: March 9, 2015

CONFERENCE DATE: April 28, 2015

APPEARANCES: REPRESENTING:

APPLICANT:

Andres Trevino, P.E.

Michael Green Oil

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Michael Green Oil (Michael Green) requests authority pursuant to Statewide Rule 23 to pull up to 29 inches of mercury vacuum on the J. B. Matthews Sec. 32 (03438) Lease, Well Nos. 2 and 4, and the J. B. Matthews Sec. 29 (03537) Lease, Well No. 8, Shackelford County Regular Field, Shackelford County, Texas. Notice was provided to offset operators surrounding the above referenced leases. Two offset operators, Momentum Operating and Rocoso Resources, waived their right to protest. The application is unprotested and the examiners recommend approval of authority pursuant to Statewide Rule 23 to pull up to 29 inches of mercury vacuum on the subject wells, as requested by Michael Green.

DISCUSSION OF THE EVIDENCE

Michael Green operates the subject three wells on two leases in the Shackelford County Regular Field, in Shackelford County, Texas: (1) J. B. Matthews Section 32 Lease

(No. 7B-03438), Well Nos. 2 and 4; and (2) J. B. Matthews Section 29 Lease (No. 7B-03437), Well No. 8. The Section 32 Lease wells were drilled in 1929. The Section 29 well was recompleted in 1961; the original completion date is not known. Michael Green has been the P-5 operator the wells since May, 2012. Prior to May, 2012, Mr. Green operated the wells for many years on behalf of the prior operator of record.

On January 5, 2015, Michael Green received notices from the Railroad Commission District 7B offices of its intent to cancel the P-4 Certificate of Compliance and to sever pipeline connections to the wells because the wells were producing via vacuum pumps without Commission authority pursuant to Statewide Rule 23. On January 14, 2015, Mr. Green requested a hearing to obtain the appropriate authority to produce the wells on a vacuum.

The wells produce from the Frye and Cook Formations at depths of about 810 feet and 1,130 feet, respectively. The wells have required a vacuum to produce for more than 40 years. Together the wells produce about 3 barrels of oil per day on a vacuum. In 2012 the vacuum was lost for three days, and production declined to about 10 barrels per month; it took about 55 days to restore production to normal rates. Michael Green estimates the Section 29 Lease will produce an additional 1,700 barrels of oil through 2049, and the Section 32 Lease will produce an additional 5,900 barrels of oil. This production can only be achieved through the use of a vacuum. Mr. Green requests authority to pull a vacuum of 29 inches of mercury on each of the three wells. In addition, Mr. Green requests authority to produce any other potential future wells on these leases and in the Shackelford County Regular Field on 29 inches of vacuum.

FINDINGS OF FACT

1. Proper notice of this hearing was given at least ten (10) days prior to the date of the hearing and no protests to the application were received.
2. The J. B. Matthews Section 32 Lease (No. 7B-03438), Well Nos. 2 and 4, were drilled in about 1929. The wells have produced 122,000 barrels of oil.
3. The J. B. Matthews Section 29 Lease (No. 7B-03437), Well No. 8, has produced more than 24,000 barrels of oil.
4. All three wells have produced on a vacuum for more than 40 years.
5. On January 5, 2015, Michael Green was notified by the Commission that it did not have authority to produce the wells on a vacuum.
6. On January 12, 2015, Michael Green requested a hearing to obtain authority to produce the wells on a vacuum of 29 inches of mercury.

7. The Section 29 Lease will produce an additional 1,700 barrels of oil through 2049. This production can only be achieved through the use of a vacuum.
8. The Section 32 Lease will produce an additional 5,900 barrels of oil. This production can only be achieved through the use of a vacuum.

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 § 3.23(2)
3. Approval of the requested authority pursuant to Statewide Rule 23 to pull up to 29 inches of mercury vacuum on the subject wells will prevent waste and will not harm correlative rights.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant Statewide Rule 23 authority to pull up to 29 inches of mercury vacuum on the subject wells, as requested by Michael Green Oil.

Respectfully submitted,



Paul Dubois
Technical Examiner



Marshall Enquist
Hearings Examiner