



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0283060

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THE APPLICATION OF CAPSTONE NATURAL RESOURCES, L.L.C., TO CANCEL THE MER ALLOWABLE FOR THE J.M.WHITE LEASE, WELL NOS. 3 AND 4, IN THE BLOCK A-34 (GLORIETA) FIELD, ANDREWS COUNTY, TEXAS

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HEARD BY: Paul Dubois - Technical Examiner  
Terry Johnson - Legal Examiner

DATE OF HEARING: July 12, 2013

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Bill Spencer

Capstone Natural Resources, L.L.C.

**INTERESTED PARTIES:**

Glenn Johnson

BOPCO, LP

### EXAMINER'S REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Capstone Natural Resources, L.L.C. (Capstone) requests the cancellation of the MER allowables for its J. M. White Lease, Well Nos. 3 and 4 in the Block A-34 (Glorieta) Field. The application is unprotested and the examiners recommend cancellation of the MER allowable.

#### DISCUSSION OF EVIDENCE

This is an unusual situation in which an operator is requesting the cancellation of MER allowables that were previously granted under Commission Final Orders. The J. M. White Lease Well No. 3 received an MER of 200 BOPD on September 6, 2001 by Commission Final Order (Docket No. 08-0229005). This MER was revised to 240 BOPD by Commission Final Order (Docket No. 08-0249781) on February 7, 2007. The J. M. White Lease Well No. 4 received an MER of 270 BOPD on February 22, 2001 by

Commission Final Order (Docket No. 08-0227171).

On April 5, 2013 Capstone applied for a drilling permit to recomplete the J. M. White Lease Well No. 7 with exceptions to Statewide Rules 37 and 38. The application was protested by BOPCO LP, an offset operator. To resolve the matter Capstone agreed to request cancellation of the MER allowables. Capstone requested the cancellation be done administratively, but Commission staff referred the request to hearing as the MER allowables were originally authorized through the hearing process. Capstone indicated that the wells' production had fallen and the MER allowables were no longer needed.

There is no current overproduction on this lease. The examiners recommend approval of the request to cancel the MER allowable for the two J. M. White Lease wells.

#### **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 Commission approved an MER of 200 BOPD for the J. M. White Lease Well No. 3 in Oil & Gas Docket No. 08-0229005 on September 6, 2001.
3. The Commission approved an MER of 240 BOPD for the J. M. White Lease Well No. 3 in Oil & Gas Docket No. 08-0249781 on February 7, 2007.
4. The Commission approved an MER of 270 BOPD for J. M. White Lease Well No. 4 in Oil & Gas Docket No. 08-0227171 on February 22, 2001.
5. Production of the two wells has declined and the MER allowables are no longer needed.

#### **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. Cancellation of the MER allowables for the J. M. White Lease Well Nos. 3 and 4 not cause waste and will not harm correlative rights.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiners recommend cancelling the MER allowables for the J. M. White Lease, Well Nos. 3 and 4 in the Block A-34 (Glorieta) Field.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Terry Johnson  
Legal Examiner