

OIL AND GAS DOCKET NO. 09-0264495

**THE APPLICATION OF TOMMY SWANSON OIL COMPANY, INC. TO ESTABLISH AN
MER FOR THE KELLY ESTATE WELL NO. 6 IN THE NATIONAL (ELLENBURGER)
FIELD, WILBARGER COUNTY, TEXAS**

Heard by: Andres J. Trevino, P.E. on March 24, 2010

Appearances:

George C. Neale
Cary A. McGregor, P.E.

Representing:

Tommy Swanson Oil Company, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Tommy Swanson Oil Company, Inc. requests an MER of 102 BOPD for its Kelly Estate No. 6 in the National (Ellenburger) Field. Tommy Swanson also requests that all accumulated overproduction be cancelled for this lease.

The application is unopposed and the examiner recommends approval of the requested MER and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Kelly Estate No. 6 was completed in December 2009 in the Ellenburger by Tommy Swanson. The Kelly Estate No. 6 well produced at a rate of 102 BOPD, 60 BWPD and no gas on initial test. The well initially flowed but currently produces on rod pump from perforations between 4,904 and 4,909 feet. The well's production is restricted to 40 BOPD as the well's casing backside is shut in holding a back pressure of 600 psig. The top allowable in the field is 50 BOPD, based on a MER for the field.

The Kelly Estate No. 6 produces no gas. Tommy Swanson believes that the well is assisted partial water drive and an adjacent disposal well. There are two active producing wells, a disposal well and two shut in wells in the field. Adjacent wells to the Kelly Estate No. 6 are shut in except for one active disposal well. The nearest producing wells completed in the Ellenburger are approximately 1,500 feet to the northwest and southeast. These wells currently produce only 1-2 BOPD each. There is no evidence of a gas cap in this field and producing the well at capacity (up to 102 BOPD) will not harm the reservoir. It is believed the well is overproduced by an unknown amount. It is requested that any overage 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 Kelly Estate No. 6 was completed in December 2009 initially as a flowing well producing at a rate of 102 BOPD, 60 BWPD and no gas on initial test..The well currently produces on a rod pump.
3. The MER top allowable in the National (Ellenburger) Field is 50 BOPD.
4. Wells adjacent to the Kelly Estate No. 6 are shut in or produce 1-2 BOPD each.
5. The Kelly Estate No. 6 produces no gas. There is no evidence of a gas cap in this field. Production is assisted by a partial water drive.
6. Producing the Kelly Estate No. 6 at rates up to 102 BOPD will not cause waste.
7. The subject lease is overproduced by an unknown amount.

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 MER of 102 BOPD and cancellation of overproduction for the Kelly Estate No. 6 in the National (Ellenburger) Field will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of an MER of 102 BOPD and cancellation of overproduction for the Kelly Estate No. 6 in the National (Ellenburger) Field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner