

**OIL AND GAS DOCKET NO. 01-0268656**

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**THE APPLICATION OF CML EXPLORATION, LLC TO CONSIDER INCREASED NET GAS-OIL RATIO AUTHORITY FOR THE TEEL WELL NO. 1 IN THE THIRTEEN, EAST (3600 OLMOS) FIELD, DIMMIT COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on April 11, 2011

**Appearances:**

Ana Maria Marsland-Griffith  
Damien Larson

**Representing:**

CML Exploration, LLC

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

CML Exploration, LLC requests authority to produce its Teel Well No. 1 under increased net gas-oil ratio authority with a daily gas limit of 250 MCFD. CML also requests that all overproduction for the well be canceled.

This application was unopposed and the examiner recommends approval of increased net gas-oil ratio authority with a daily gas limit of 250 MCFD and cancellation of overproduction.

**DISCUSSION OF EVIDENCE**

The Teel No. 1 was completed in the Thirteen, East (3600 Olmos) Field in February 2010. On initial test, the well produced at a rate of 72 BOPD, 140 MCFD and 90 BWP, on rod pump. The well is perforated in an Olmos sand between 3,526 and 3,529 feet. The top allowable in the field is 84 BOPD and 168 MCFD.

The Teel No. 1 is the only producing well in the Thirteen, East (3600 Olmos) Field. The well produces from a fault block on the upthrown side of a fault. The feature is estimated to be 40-60 acres and CML believes the well will drain the entire fault block.

CML provided daily production from the well since December 2010. When the well is produced at a rate of about 250 MCFD, the oil production is 25-30 BOPD, with a gas-oil ratio of approximately 10,000 cubic feet per barrel. When the rate is reduced, the

compressor dies due to low intake. Restricting the well to produce within its casinghead gas allowable is not necessary to prevent waste.

There may be a small amount of overproduction for the lease currently. CML requests that all overage be cancelled.

**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. CML Exploration LLC completed the Teel No. 1 in the Thirteen, East (3600 Olmos) Field in February 2010.
  - a. On initial test, the well produced at a rate of 72 BOPD, 140 MCFD and 90 BWPD, on rod pump.
  - b. The well is perforated in an Olmos sand between 3,526 and 3,529 feet.
  - c. The Teel No. 1 is the only producing well in the field.
4. The top allowable in the Thirteen, East (3600 Olmos) Field is 84 BOPD and 168 MCFD.
5. The Teel No. 1 produces on rod pump. When the well is produced at a rate of about 250 MCFD, the oil production is 25-30 BOPD, with a gas-oil ratio of approximately 10,000 cubic feet per barrel. When the rate is reduced, the compressor dies due to low intake.
6. The lease is slightly overproduced.

**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 increased net gas-oil ratio authority with a casinghead gas limit of 250 MCFD for the Teel No. 1 in the Thirteen, East (3600 Olmos) Field and cancellation of overproduction will not cause waste and will not harm correlative rights.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends that the Teel No. 1 in the Thirteen, East (3600 Olmos Field) be authorized to produce under net gas-oil ratio authority with a daily gas limit of 250 MCFD and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner