

**THE APPLICATION OF MANZANITA CORPORATION FOR INCREASED GAS OIL RATIO AUTHORITY FOR ITS J.F. MCCABE -B- LEASE WELL NO. 3, JAMESON, N. (ODOM) FIELD, MITCHELL COUNTY, TEXAS**

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**Heard by:** Margaret Allen, Technical Hearings Examiner

**Procedural history**

Application received: June 7, 2006

Hearing held: July 14, 2006

**Appearances**

Timothy Tranum

Representing

Manzanita Corporation

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Manzanita Corporation ("Manzanita") is seeking increased gas/oil ratio authority for its J.F. McCabe -B- Lease Well No. 3 to allow it to produce with a daily gas limit of 350 MCF.

**DISCUSSION OF THE EVIDENCE**

The Jameson, N. (Odom) Field was discovered in 1980 at a depth of 6835'. There are two injection wells and 22 oil wells though only 8 are active. The top allowable is 111 BOPD and 222 MCFD, though the highest reported capability is 21 BOPD. There are several producing Odom structures in the field, each less than 80 acres. The Odom reservoir is near the end of its active life and the oil remaining is salvage. Only two active Odom producers remain within one mile of the McCabe -B- No. 3.

The McCabe -B- No. 3 was recompleted to the Odom in May, 2004, with an initial daily potential of 15 BO, 15 MCF and 179 BW, on a rod pump. The well's perforations are from 6801-6816' and has produced about 8000 BO since 2004. The well was originally perforated in the Odom between 6820' and 6832', before it was recompleted to the Strawn years ago. These older perforations are now below a removable bridge plug that Manzanita plans to remove after production stabilizes.

The rod pump could not pull the fluid level below 450' below the surface so the operator installed a submersible pump with a 900 BOPD capacity. This submersible is an expensive 250-stage pump to pull down the fluid level sufficiently to allow the gas to be produced without gas locking the pump. With this pump the well can produce high volumes of water and relatively high amounts of gas for this field.

Under the current gas allowable of 222 MCFD, the well would have to be shut down for part

of each month. After a shut-in, it took 37 days to reach optimum oil producing levels, and 45-60 days to draw the water volume down again to about 500 BWPD. The current producing rate averages 12.5 BOPD, with 500 BW and 235 MCF. After the bridge plug is removed, the applicant expects production to increase to 30 BO, 325-350 MCF and 1200 BW per day.

The only active well in the Jameson, N. (Odom) Field not operated by Manzanita or its parent company is 1-1/2 miles away. It will not violate correlative rights to cancel overproduction for the McCabe -B- Lease Well No. 3.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all operators in the Jameson, N. (Odom) Field, on June 23, 2006.
2. The subject well, the Manzanita Corporation J.F. McCabe -B- Lease, Well No. 3, was recompleted back to the Jameson, N. (Odom) Field in 2004.
3. The subject well is producing from perforations between 6801 and 6816, though there are other Odom perforations below a removable bridge plug.
4. The current allowable for the Jameson, N. (Odom) Field is 111 BOPD with 222 MCF of gas per day.
5. After installation of a 250 stage submersible pump, the subject well is averaging 12.5 BOPD, with 235 MCF and 500 BWPD.
6. After the bridge plug is removed, the expected production rates are 30 BO, 325-350 MCF and 1200 BWPD.
7. It will prevent waste by encouraging the recovery of salvage oil to permit the subject well to produce up to 350 MCFD.
8. Cancellation of overproduction for the Manzanita Corporation J.F. McCabe -B- Lease Well No. 3 will not harm correlative rights.

### **CONCLUSIONS OF LAW**

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. An increase in daily gas allowable for the Manzanita Corporation J.F. McCabe -B- Lease, Well No. 3, to 350 MCF per day, while leaving the daily oil allowable at 111 barrels, will prevent waste and will protect correlative rights within the field.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that the J.F. McCabe -B- Lease, Well No. 3, operated by Manzanita Corporation in the Jameson, N. (Odom) Field, be allowed to produce up to 350 MCF of gas per day without restricting the daily oil allowable to less than 111 barrels, as per the attached order.

Respectfully submitted,

Margaret Allen  
Technical Hearings Examiner