



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 10-0304109

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THE APPLICATION OF RANGE PRODUCTION COMPANY, LLC FOR INCREASED NET GAS-OIL RATIO AND TO CANCEL OVERPRODUCTION FOR THE PAYNE RANCH GAS UNIT WELL NO. 2, RFC (MORROW, UPPER) FIELD, ROBERTS COUNTY, TEXAS

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HEARD BY: Richard Eyster, P.G. - Technical Examiner  
Ryan M. Lammert, - Administrative Law Judge

HEARING DATE: July 10, 2017

CONFERENCE DATE: August 1, 2017

APPEARANCES: REPRESENTING:

APPLICANT Range Production Company, LLC:  
David Jackson  
Donna Chandler

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Range Production Company, LLC ("Range") requests increased net gas-oil ratio authority for its Payne Ranch Gas Unit Well No. 2, in the RFC (Morrow, Upper) Field, such that the well has a casinghead gas limit of 350 MCFD. Range also requests that all overproduction for the well be cancelled.

This application was unopposed and the Technical Examiner and the Administrative Law Judge (collectively the "Examiners") recommend approval of the requested casinghead gas limit and cancellation of overproduction for the Payne Ranch Gas Unit Well No. 2.

**DISCUSSION OF THE EVIDENCE**

The RFC (Morrow, Upper) Field was discovered in 1983. A total of three wells have been completed in the field, two gas wells and one oil well. There are currently two producing wells in the field, the Payne Ranch Gas Unit Well No. 2, an oil well, and the Payne Trust Well No. 1222, a gas well, both operated by Range. The discovery well, the Payne No. 1, was plugged in 1993. The top allowable in the field is 142 BOPD and the casinghead gas limit is 284 MCFD. The allowable for the associated gas field is not restricted by Statewide Rule 49(b).

Range completed its Payne Ranch Gas Unit Well No. 2 in April 2007 with perforations in the Upper Morrow from 8,858-8,878 feet. The well had an initial potential of 38 BOPD, 658 MCFD and 0 BWPD. The well was initially flowing but has been on rod pump since early 2008. Cumulative production from the well is approximately 115,000 BO and 950 MMCF of gas. The well is currently capable of producing 18 BOPD and 323 MCFD. Due to high GOR, the well is being assigned a penalized oil allowable of 16 BOPD.

The Payne Ranch Gas Unit Well No. 2 was not assigned an allowable until April 2008, a year after the well was completed. During that first year, the well overproduced approximately 28,000 BO and 284 MMCF. The well continued to produce with no overproduction notice from the Railroad Commission until July 29, 2013 when the overage was approximately 59,976 BO and 111 MMCF. On August 13, 2013, the overproduction issue was indicated to be resolved, per the Railroad Commission's computer information.<sup>1</sup> No further letters were issued to Range until February 2017, when the overage was 59,976 BO and 42,063 MCF.<sup>2</sup> The May 1, 2017 overage status is 59,528 BO and 26,859 MCF.

Production from the subject well has been very constant for the last two years, with daily production at 16-20 BOPD and 300-325 MCFD. The gas-oil ratio has been fairly constant at 17,000-20,000 cubic feet per barrel. Increasing the daily gas limit of the well to 350 MCFD would allow the well to continue producing without penalizing the allowable.

**FINDINGS OF FACT**

1. Notice of this hearing was provided to all operators in the field at least ten days prior to the date of the hearing and no protests were received.
2. The RFC (Morrow, Upper) Field was discovered in 1983. The top allowable in the field is 142 BOPD and 284 MCFD.
3. A total of three wells have produced from the field, one of which has been plugged.

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<sup>1</sup> Exhibit No. 11

<sup>2</sup> Exhibit No.1

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4. Range Production Company completed the Payne Ranch Gas Unit Well No. 2 as an oil well in April 2007.
  - a. The well produced 38.6 BOPD, 658 MCFD and 0 BWPD on initial test as a flowing well.
  - b. The well was placed on rod pump a short time after completion and has been producing with a rod pump since that time.
  - c. The well produces from perforations at 8,858-8,878 feet in the Upper Morrow.
5. Increasing the casinghead gas limit to 350 MCFD for the Payne Ranch Gas Unit Well No. 2 will not cause waste.
  - a. The well is currently capable of producing at a rate of 18 BOPD and 323 MCFD.
  - b. The RFC (Morrow, Upper) Field has one producing gas well.
  - c. Gas production is not restricted pursuant to Statewide Rule 49(b).
  - d. The oil allowable for the Payne Ranch Gas Unit Well No. 2 is restricted to 16 BOPD due to high gas-oil ratio.
  - e. There are no other oil wells producing from the RFC (Morrow, Upper) Field.
6. The Payne Ranch Gas Unit No. 2 is overproduced 59,528 BO and 26,859 MCF as of May 1, 2017.

### **CONCLUSIONS OF LAW**

1. Proper notice of this hearing was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Approval of increased net gas-oil ratio authority with a casinghead gas limit of 350 MCFD for the Payne Ranch Gas Unit Well No. 2 in the RFC (Morrow, Upper) Field will not cause waste or harm correlative rights.

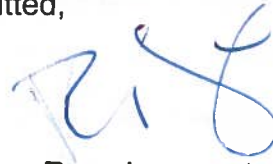
**EXAMINERS' RECOMMENDATION**

Based on the above findings and conclusions, the Examiners recommend approval of increased net gas-oil ratio authority for the Payne Ranch Gas Unit Well No. 2 with a casinghead gas limit of 350 MCFD. It is also recommended that all overproduction for the well be cancelled.

Respectfully submitted,



Richard Eyster, P.G.  
Technical Examiner



Ryan Lammert  
Administrative Law Judge