



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0308444

APPLICATION OF BTA OIL PRODUCERS, LLC, FOR A PERMANENT GAS WELL CLASSIFICATION FOR VARIOUS WELLS, VARIOUS LEASES, PHANTOM (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS

HEARD BY: Robert Musick - Technical Hearings Examiner
Kristi M. Reeve – Administrative Law Judge

HEARING DATE: February 5, 2018

CONFERENCE DATE: May 22, 2018

APPEARANCES:

REPRESENTING:

APPLICANT

James M. Clark, P.E.

BTA Oil Producers, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

BTA Oil Producers, LLC ("BTA") is seeking permanent gas well classification for wells on various leases in the Phantom (Wolfcamp) Field, Reeves County, Texas. BTA requested in the application to reclassify twelve (12) oil wells as gas wells in the Phantom (Wolfcamp) Field, Reeves County, Texas. The Field Rules for the Phantom (Wolfcamp) Field allow for permanent gas well classification from the date of first production based on a 3,000:1 gas-to-oil ratio ("GOR"). A review of the well data established eleven (11) wells met the GOR requirement as established by the Field Rules. BTA withdrew Pivot 21602 34 Lease 1H Well (API 42-389-35428) for further consideration because it did not meet the GOR requirements outlined by the Field Rule.

Notice was given to the Service List which included the operators in the Phantom (Wolfcamp) Field. The application was not protested. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend that the permanent gas well classification be granted for the eleven (11) wells that meet the Field Rule.

DISCUSSION OF THE EVIDENCE

BTA (Operator No. 041867) is seeking permanent gas well classification for eleven (11) wells on various leases in the Phantom (Wolfcamp) Field (Field No. 71052900), Reeves County, Texas. The Field Rules for the Phantom (Wolfcamp) Field allow for permanent gas well classification from the date of first production based on a 3,000:1 GOR.

The most recent Field Rules for the Phantom (Wolfcamp) Field ("Field") were established by Consolidated Docket Nos. 08-0295559 and 08-0303885, effective August 1, 2017 ("2017 Final Order"). The 2017 Final Order amended Field Rules authorize permanent gas well classification with Rule 5 below:

- **Rule 5:** "For any well in the Phantom (Wolfcamp) Field completed with a gas-oil ratio (GOR) of 3,000 cubic feet per barrel and above, the operator may elect to have such well permanently classified as a gas well without the need of further administrative review effective the date of initial completion, provided the GOR was determined by stabilized well test conducted within 180 days of well completion and in accordance with the GOR determination requirements of Commission procedures as indicated on Forms G-1, G-5 or W-2 as appropriate."

A hearing was held on February 5, 2018. The BTA application included the following eleven (11) wells in the Field that permanent gas well classification is being sought based on Rule 5 above:

- Riverside 21601 36 Lease, Well No. 1H (API No. 42-389-35115)
- Blacktop 21601 1 Lease, Well No. 1H (API No. 42-389-35197)
- Radio Tower State 21601 28 Lease, Well No. 1H (API No. 42-389-35212)
- Blacktop 21601 1 Lease, Well No. 2H (API No. 42-389-35432)
- Pivot 21602 34, Lease, Well No. 2H (API No. 42-389-35433)
- Radio Tower State 21601 28 Lease, Well No. 2H (API No. 42-389-35446)
- Tetris 21601 18, Lease, Well No. 1H (API No. 42-389-35460)
- Tetris 21601 18, Lease, Well No. 2H (API No. 42-389-35461)
- Radio Tower State 21601 28 Lease, Well No. 3H (API No. 42-389-35467)
- Pivot 21602 34, Lease, Well No. 5H (API No. 42-389-35765)
- Radio Tower State 21601 28 Lease, Well No. 4H (API No. 42-389-35904)

EXAMINER'S REVIEW

At the hearing, data was provided which included production history and graphs over a 180-day period to demonstrate that the wells achieved a stabilized completion GOR of 3,000:1 cubic feet per barrel (scf/bbl), or greater in accordance with Rule 5 of the existing Field Rule. As per a letter from the Examiners dated March 1, 2018, additional information was requested to support the classification for five of the 12 wells discussed at the hearing. A review of information is summarized below:

- **Riverside 21601 36 Lease, Well No. 1H (API No. 42-389-35115):** The Well was completed with a GOR of 642 scf/bbl as indicated on the Form W-2. Production data stabilized at 3,147 scf/bbl GOR near the end of the initial 180-day period after completion. The GOR trend above the 3,000:1 scf/bbl Field Rule requirement continued into March 2017 and beyond. The Well meets a GOR of 3,000:1 scf/bbl and satisfies the requirement of Rule 5.
- **Blacktop 21601 1 Lease, Well No. 1H (API No. 42-389-35197):** The Well was completed with a GOR of 4,829 scf/bbl as indicated on the Form W-2. Production data indicates the GOR is consistently greater than the 3,000:1 scf/bbl Field Rule requirement with an average GOR of 4,583 scf/bbl within the initial 180-day period after completion. The Well meets a GOR of 3,000:1 scf/bbl and satisfies the requirement of Rule 5.
- **Radio Tower State 21601 28 Lease, Well No. 1H (API No. 42-389-35212):** The Well was completed with a GOR of 3,120 scf/bbl as indicated on the Form W-2. Production data indicates the GOR is consistently greater than the 3,000:1 scf/bbl Field Rule requirement

with an average GOR of 4,638 scf/bbl within the initial 180-day period after completion. The Well meets a GOR of 3,000:1 scf/bbl and satisfies the requirement of Rule 5.

- **Blacktop 21601 1 Lease, Well No. 2H (API No. 42-389-35432):** The Well was completed with a GOR of 3,805 scf/bbl as indicated on the Form W-2. Production data indicates the GOR is consistently greater than the 3,000:1 scf/bbl Field Rule requirement. The Well meets a GOR of 3,000:1 scf/bbl and satisfies the requirement of Rule 5.
- **Pivot 21602 34, Lease, Well No. 2H (API No. 42-389-35433):** The Well was completed with a GOR of 3,409 scf/bbl as indicated on the Form W-2. Production data indicates the GOR is consistently greater than the 3,000:1 scf/bbl Field Rule requirement with an average GOR of 3,683 Scf/bbl. The Well meets a GOR of 3,000:1 scf/bbl and satisfies the requirement of Rule 5.
- **Radio Tower State 21601 28 Lease, Well No. 2H (API No. 42-389-35446):** The Well was completed with a GOR of 5,563 scf/bbl as indicated on the Form W-2. Production data indicates the GOR is consistently greater than the 3,000:1 scf/bbl Field Rule requirement. The Well meets a GOR of 3,000:1 scf/bbl and satisfies the requirement of Rule 5.
- **Tetris 21601 18, Lease, Well No. 1H (API No. 42-389-35460):** The Well was completed with a GOR of 3,024 scf/bbl as indicated on the Form W-2. Production data indicates the GOR is consistently greater than the 3,000:1 scf/bbl Field Rule requirement with an average 3,371 scf/bbl. The Well meets a GOR of 3,000:1 scf/bbl and satisfies the requirement of Rule 5.
- **Tetris 21601 18, Lease, Well No. 2H (API No. 42-389-35461):** The Well was completed with a GOR of 3,333 scf/bbl as indicated on the Form W-2. Production data indicates the GOR is consistently greater than the 3,000:1 scf/bbl Field Rule requirement with an average GOR of 3029 scf/bbl. The Well meets a GOR of 3,000:1 scf/bbl and satisfies the requirement of Rule 5.
- **Radio Tower State 21601 28 Lease, Well No. 3H (API No. 42-389-35467):** The Well was completed with a GOR of 8,393 scf/bbl as indicated on the Form W-2. Production data indicates the GOR is consistently greater than the 3,000:1 scf/bbl Field Rule requirement. The Well meets a GOR of 3,000:1 scf/bbl and satisfies the requirement of Rule 5.
- **Pivot 21602 34, Lease, Well No. 5H (API No. 42-389-35765):** The Well was completed with a GOR of 3,422 scf/bbl as indicated on the Form W-2. Production data indicates the GOR is consistently greater than the 3,000:1 scf/bbl Field Rule requirement. The Well meets a GOR of 3,000:1 scf/bbl and satisfies the requirement of Rule 5.
- **Radio Tower State 21601 28 Lease, Well No. 4H (API No. 42-389-35904):** The Well was completed with a GOR of 6,940 scf/bbl as indicated on the Form W-2. Production data indicates the GOR is consistently greater than the 3,000:1 scf/bbl Field Rule requirement. The Well meets a GOR of 3,000:1 scf/bbl and satisfies the requirement of Rule 5.

The Examiners conclude the eleven (11) wells meet Rule 5 of the existing Field Rules for permanent gas well classifications effective from the date of first production. The Examiners recommend the wells be permanently reclassified as gas wells.

At the hearing, the applicant agreed on the record that the Final Order in this case is to be effective when the Master Order is signed.

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 the hearing and no protests were received.
2. The Phantom (Wolfcamp) Field is in Reeves County, Texas.
3. The correlative interval is from 9,515 feet to 12,447 feet as shown on the log of the Petrohawk Operating Company – Oxy Fee “24” Lease, Well No. 1 (API No. 42-389-32637), Section 24, Block C18, PSL Survey, A-2150, Reeves County, Texas.
4. The current Field Rules for the Phantom (Wolfcamp) Field were amended by Consolidated Final Order 08-0295559 and 08-0303885, adopted on August 1, 2017. The August 1, 2017 Final Order authorizes the permanent classification as gas wells for all wells completed in the Field with a gas-oil ratio (GOR) of 3,000 cubic feet per barrel and above, provided the GOR was determined by stabilized well test conducted within 180 days of well completion and in accordance with the GOR determination requirements of Commission procedures.
5. BTA has demonstrated that the following eleven (11) wells were completed in the Field with a gas-oil ratio (GOR) of 3,000 cubic feet per barrel and above, based on stabilized production rates early in the life of the well.
 - Riverside 21601 36 Lease, Well No. 1H (API No. 42-389-35115)
 - Blacktop 21601 1 Lease, Well No. 1H (API No. 42-389-35197)
 - Radio Tower State 21601 28 Lease, Well No. 1H (API No. 42-389-35212)
 - Blacktop 21601 1 Lease, Well No. 2H (API No. 42-389-35432)
 - Pivot 21602 34, Lease, Well No. 2H (API No. 42-389-35433)
 - Radio Tower State 21601 28 Lease, Well No. 2H (API No. 42-389-35446)
 - Tetris 21601 18, Lease, Well No. 1H (API No. 42-389-35460)
 - Tetris 21601 18, Lease, Well No. 2H (API No. 42-389-35461)
 - Radio Tower State 21601 28 Lease, Well No. 3H (API No. 42-389-35467)
 - Pivot 21602 34, Lease, Well No. 5H (API No. 42-389-35765)
 - Radio Tower State 21601 28 Lease, Well No. 4H (API No. 42-389-35904)
6. At the hearing, the applicant agreed on the record that the Final Order in this case is to be effective when the Master Order is signed.

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.42.
3. Pursuant to § 2001.144 (a)(4)(A) of the Texas Government Code and the agreement of the applicant, this Final Order is effective when a Master Order relating to the Final Order is presented at Commission conference and signed by the Commissioners.

EXAMINER'S RECOMMENDATION

The Examiners recommend that the Commission enter an order permanently reclassifying the eleven (11) wells completed in the Field with a gas-oil ratio (GOR) of 3,000 cubic feet per barrel and above, as requested by BTA Oil Producers, LLC.

Respectfully submitted,



Robert Musick
Technical Examiner



Kristi M. Reeve
Administrative Law Judge