



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0308638

THE APPLICATION OF RKI EXPLORATION & PRODUCTION LLC FOR PERMANENT GAS WELL CLASSIFICATIONS FOR VARIOUS LEASES, VARIOUS WELLS, PHANTOM (WOLFCAMP) FIELD, CULBERSON AND REEVES COUNTIES, TEXAS

HEARD BY: Peggy Laird - Technical Hearings Examiner
Kristi M. Reeve – Administrative Law Judge

**EXAMINERS' REPORT
PREPARED BY:** Robert Musick - Technical Hearings Examiner
Kristi M. Reeve – Administrative Law Judge

HEARING DATE: March 9, 2018

CONFERENCE DATE: October 16, 2018

APPEARANCES:

APPLICANT:

James M. Clark, P.E.

REPRESENTING:

RKI Exploration & Production, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

RKI Exploration & Production, LLC ("RKI") (714221) is seeking permanent gas well classification for wells on various leases in the Phantom (Wolfcamp) Field ("Field"), Culberson and Reeves Counties, Texas. RKI requested in the application to permanently reclassify 75 oil wells as gas wells based on well production data. The Field Rules for the Field allow for permanent gas well classification provided the gas-to-oil ratio ("GOR") was determined by a well test during a period of stabilized production within 180 days of well completion and the GOR is 3,000:1 cubic feet per barrel ("cf/bbl") or above in accordance with the requirements of the Commission. A review of the well data established 68 wells met the GOR requirement as established by the Commission and existing Field rules.

RKI withdrew seven (7) wells for further consideration of gas well reclassification because data did not establish the wells met the GOR requirements outlined by the Field Rule and Commission requirements.

Notice was given to the Service List which included the operators in the 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 68 wells that meet the Commission requirements.

DISCUSSION OF THE EVIDENCE

The most recent Field Rules for the Field (71052900), were established by consolidated Final Order Nos. 08-0295559 and 08-0303885, dated August 1, 2017 ("2017 Final Order"). The 2017 Final Order amended Field Rules authorizing 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 March 9, 2018. The RKI application included 75 wells in the Field that permanent gas well classification was being sought based on Rule 5 above. The 75 wells and their associated initial well test GOR are listed in Attachment A.

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 cf/bbl, or greater in accordance with Rule 5 of the existing Field Rule. As per a request from the Examiners, late-filed exhibits were submitted by the applicant to support the classification of the 75 wells discussed at the hearing.

The Examiners reviewed the well completion and production data to determine if each of the 75 wells discussed in the hearing met the Commission requirements to establish permanent gas well classification. The Examiners established that 68 of the 75 wells showed stabilized production data under natural conditions (e.g., no artificial lift) in the early life of the well and also met the GOR Field Rule criteria of 3,000:1 cf/bbl. Attachment B lists these 68 wells that meet a GOR of 3,000:1 cf/bbl and satisfy the requirements of the Commission for permanent gas well classification.

At the hearing, the applicant agreed on the record that the Final Order in this case is to be final and 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 (71052900) is in Culberson and Reeves Counties, 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 Field were amended by Consolidated Final Order Nos. 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 GOR of 3,000 cf/bbl and above, provided the GOR was determined by a stabilized well test under natural conditions conducted within 180 days of well completion and in accordance with the Commission requirements.

5. RKI demonstrated that 68 wells were completed in the Field with a GOR of 3,000 cf/bbl under natural conditions with stabilized production rates in the early life of the well as required by the Field Rule and Commission procedure. Attachment B identifies the 68 wells that meet the permanent gas well classification criteria.
6. At the hearing, the applicant agreed on the record that the Final Order in this case is to be final and 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 final and effective when a Master Order relating to the Final Order is presented at Commission conference and signed by the Commissioners.

EXAMINERS' RECOMMENDATION

The Examiners recommend that the Commission enter an order permanently reclassifying the 68 wells completed in the Field with a GOR of 3,000 cf/bbl and above, as requested by RKI Exploration & Production, LLC.

Respectfully submitted,



Robert Musick
Technical Examiner



Kristi M. Reeve
Administrative Law Judge

Attachment A – Wells Discussed at the Hearing

Exhibit No.	Well Name	Well No.	County	API No.	Lease No.	GOR (Initial Test)
4	BUNIN 4	3H	LOVING	42-301-32313	45742	3,380
5	BUNIN 4	5H	LOVING	42-301-32311	45742	3,794
6	CBR 2	2H	LOVING	42-301-32372	46522	4,049
7	CBR 4	2H	LOVING	42-301-32484	46560	4,163
8	CBR 4	3H	LOVING	42-301-32566	46560	4,791
9	CBR 4	6H	LOVING	42-301-32834	46560	2,986
10	CBR 6	1H	LOVING	42-301-32167	46405	2,770
11	CBR 6	2H	LOVING	42-301-32472	46405	4,018
12	CBR 10	3H	LOVING	42-301-32102	45715	4,119
13	CBR 10	4H	LOVING	42-301-32530	45715	4,134
14	CBR 12	3H	LOVING	42-301-32112	45721	4,096
15	CBR 12	4H	LOVING	42-301-32531	45721	4,194
16	CBR 14	2H	LOVING	42-301-32187	46414	3,728
17	CBR 16	2H	LOVING	42-301-32380	48293	3,184
18	CBR 18	3H	LOVING	42-301-32087	45714	4,215
19	CBR 18	5H	LOVING	42-301-32728	45714	3,944
20	CBR 22	5H	LOVING	42-301-32382	46406	3,960
21	CBR 22	11H	LOVING	42-301-32989	46406	3,593
22	CBR 22	12H	LOVING	42-301-32990	46406	3,445
23	CBR 22	13H	LOVING	42-301-32993	46406	4,190
24	CBR 22	14H	LOVING	42-301-32994	46406	2,430
25	CBR 22	15H	LOVING	42-301-32983	46406	3,679
26	CBR 22	16H	LOVING	42-301-32986	46406	3,698
27	CBR 22	17H	LOVING	42-301-32984	46406	4,035
28	CBR 22	18H	LOVING	42-301-32985	46406	4,103
29	CBR 28	3H	LOVING	42-301-32216	45735	3,368
30	CBR 28	7H	LOVING	42-301-32822	45735	3,543
31	CBR 32	4H	LOVING	42-301-32444	45789	3,400
32	CBR 32	5H	LOVING	42-301-32443	45789	4,043
33	CBR 32	6H	LOVING	42-301-32157	45789	3,526
34	CBR 32	7H	LOVING	42-301-32445	45789	4,402
35	CBR 44A	1H	LOVING	42-301-32143	45723	3,448
36	CIRCE STATE 28	1H	REEVES	42-389-34865	48114	5,754
37	COVINGTON 46	2H	REEVES	42-389-34199	45738	3,372
38	COVINGTON 46	3H	REEVES	42-389-34523	45738	2,795
39	GOLDEN 68	2H	LOVING	42-301-32859	48472	3,156
40	LINDSAY 2	3H	LOVING	42-301-32115	45579	3,269
41	LINDSAY 2	4H	LOVING	42-301-32818	45579	3,248
42	LINDSAY 9	1H	LOVING	42-301-32375	47397	2,819
43	LINDSAY 10	8H	LOVING	42-301-32303	46362	2,896
44	LINDSAY 16	6H	LOVING	42-301-32884	48355	10,192
45	LOUIS STATE 24	1H	REEVES	42-389-35301	48486	7,834
46	MAISIE STATE 10	1H	REEVES	42-389-34843	48232	6,184

Exhibit No.	Well Name	Well No.	County	API No.	Lease No.	GOR (Initial Test)
47	MONROE STATE 32	1H	REEVES	42-389-34409	47829	3,586
48	OLIVER 13-24	1H	REEVES	42-389-35497	48723	2,359
49	PECOS STATE 46	4H	LOVING	42-301-32101	45627	3,282
50	PECOS STATE 46	6H	LOVING	42-301-32970	45627	3,771
51	ROBINSON 5	7H	LOVING	42-301-32837	48361	3,998
52	RED BLUFF 7	1H	LOVING	42-301-32247	46020	2,997
53	RED BLUFF 13	3H	LOVING	42-301-32116	45705	8,546
54	RED BLUFF 13	5H	LOVING	42-301-32296	45705	3,403
55	WILE E. COYOTE STATE 40	1H	REEVES	42-389-34360	46783	4,295
56	WILE E. COYOTE STATE 40	2H	REEVES	42-389-34400	46783	4,767
57	WILE E. COYOTE STATE 40	3H	REEVES	42-389-34866	46783	8,988
58	ASTRO STATE 12	1H	REEVES	42-389-34490	48295	9,962
59	BUNIN 4	2H	LOVING	42-301-32090	45742	3,044
60	BUNIN 4	4H	LOVING	42-301-32314	45742	4,098
61	BUNIN 4	6H	LOVING	42-301-32719	45742	3,188
62	BUNIN 4	7H	LOVING	42-301-32732	45742	3,539
63	BUNIN 4	8H	LOVING	42-301-32729	45742	3,533
64	CBR 2	4H	LOVING	42-301-32639	46522	3,261
65	CBR 6	3H	LOVING	42-301-32583	46405	3,967
66	CBR 14	4H	LOVING	42-301-32561	46414	2,482
67	CBR 16	7H	LOVING	42-301-32817	48293	3,840
68	FIVER STATE 18	1H	REEVES	42-389-35512	48474	3,250
69	LINDSAY 9	3H	LOVING	42-301-32627	47397	3,332
70	LINDSAY 9	4H	LOVING	42-301-32628	47397	4,305
71	LINDSAY 9	5H	LOVING	42-301-32718	47397	4,159
72	LINDSAY 10	9H	LOVING	42-301-32301	46362	2,830
73	MAC STATE 20	1H	REEVES	42-389-35349	48463	3,101
74	PECOS STATE 46	3H	LOVING	42-301-32091	45627	3,154
75	PUMPERS PARADISE 16-10	2H	REEVES	42-389-35291	48540	5,099
76	ROBINSON 5	6H	LOVING	42-301-32584	48361	2,138
77	TITAN STATE 16	1H	REEVES	42-389-35323	48473	3,387
78	WILE E. COYOTE STATE 40	5SL	REEVES	42-389-34987	46783	3,007

Attachment B- Wells Meeting Gas Well Classification Criteria

Exhibit No.	Well Name	Well No.	County	API No.	Lease No.	GOR (Initial Test)	Comments
4	BUNIN 4	3H	LOVING	42-301-32313	45742	3,380	Met Rule 5 Criteria
5	BUNIN 4	5H	LOVING	42-301-32311	45742	3,794	Met Rule 5 Criteria
6	CBR 2	2H	LOVING	42-301-32372	46522	4,049	Met Rule 5 Criteria
7	CBR 4	2H	LOVING	42-301-32484	46560	4,163	Met Rule 5 Criteria
8	CBR 4	3H	LOVING	42-301-32566	46560	4,791	Met Rule 5 Criteria
9	CBR 4	6H	LOVING	42-301-32834	46560	2,986	Met Rule 5 Criteria
10	CBR 6	1H	LOVING	42-301-32167	46405	2,770	Met Rule 5 Criteria
11	CBR 6	2H	LOVING	42-301-32472	46405	4,018	Met Rule 5 Criteria
12	CBR 10	3H	LOVING	42-301-32102	45715	4,119	Met Rule 5 Criteria
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24	CBR 22	14H	LOVING	42-301-32994	46406	2,430	Met Rule 5 Criteria
25	CBR 22	15H	LOVING	42-301-32983	46406	3,679	Met Rule 5 Criteria
26	CBR 22	16H	LOVING	42-301-32986	46406	3,698	Met Rule 5 Criteria

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54	RED BLUFF 13	5H	LOVING	42-301-32296	45705	3,403	Met Rule 5 Criteria
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61	BUNIN 4	6H	LOVING	42-301-32719	45742	3,188	Met Rule 5 Criteria
62	BUNIN 4	7H	LOVING	42-301-32732	45742	3,539	Met Rule 5 Criteria
63	BUNIN 4	8H	LOVING	42-301-32729	45742	3,533	Met Rule 5 Criteria
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