



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 02-0319193**

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**APPLICATION OF PENN VIRGINIA OIL & GAS, L.P. (OPERATOR NO. 651780) FOR PERMANENT GAS WELL CLASSIFICATION EFFECTIVE DATE OF INITIAL COMPLETION FOR VARIOUS WELLS IN THE EAGLEVILLE (EAGLE FORD-2) FIELD, DEWITT AND LAVACA COUNTIES, TEXAS**

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**HEARD BY:** Robert Musick, P.G. - Technical Hearings Examiner  
Ezra Johnson - Administrative Law Judge

**HEARING DATE:** August 14, 2019

**CONFERENCE DATE:** February 11, 2020

**APPEARANCES:**

**APPLICANT:**

James M. Clark, P.E  
Ross Robinson, Consultant

**REPRESENTING:**

Penn Virginia Oil & Gas, L.P.

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Penn Virginia Oil & Gas, L.P. (651780) (referred to as "Penn") is seeking permanent gas well classification for various oil wells on multiple leases in the Eagleville (Eagle Ford-2) Field (Field No. 27135750), Dewitt and Lavaca Counties, Texas. Penn requested a hearing on March 27, 2019. A hearing was held on August 14, 2019.

Field rules for the Eagleville (Eagle Ford-2) Field ("Field") allow for permanent gas well classification from the date of first production based on a 3,000:1 gas-to-oil ratio ("GOR"). On March 27, 2019, Penn applied to reclassify 40 oil wells permitted in this field ("Application").

On the record at the hearing, Penn withdrew its Application as to 20 of these wells and provided evidence as to the remaining 20. Thereafter, Penn was able to obtain administrative reclassification from the technical staff of the Commission for 17 out of the 20 wells discussed at the hearing and eliminated one additional well for consideration in post-hearing correspondence dated December 18, 2019. Accordingly, as of the date of this report and recommendation, Penn's Application is limited to a request to reclassify

two wells out of the original 40. Data for these two remaining wells meet the GOR requirement for permanent gas well reclassification, as established by the field rules for the Field.

Notice was given to the Service List which included the operators in the Field. The application is not protested. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend permanent gas well classification for the two wells that met the Field Rule criteria.

### **DISCUSSION OF THE EVIDENCE**

On March 27, 2019, Penn requested a hearing to obtain permanent gas well classification for a total of 40 oil wells permitted in the Field. On July 12, 2019, the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to the applicant and operators in the Field setting a hearing date of August 14, 2019. Consequently, the parties received more than 10 days' notice of the hearing. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted. Applicant appeared and participated at the hearing held on August 14, 2019. No protest was received and no one appeared in protest at the hearing.

On the record at the hearing, Penn withdrew its request to reclassify 20 of the 40 wells that were originally listed in their application dated March 27, 2019 and proceeded to present evidence at the hearing for the remaining 20 wells. In post-hearing discussions with Commission's technical staff, Penn was able to reclassify 17 of the 20 wells through an administrative process. Also, Penn eliminated one additional well, the Hinze Unit No. 5H, for further consideration in correspondence dated December 18, 2019. Attachment B to this Report identifies the wells removed for consideration as part of this Docket.

By final order in Oil and Gas Docket No. 02-0297714, dated effective February 28, 2017 ("2017 Final Order"), the permanent gas well classification criteria for the Field was established as follows:

- RULE 8: "For any well in the Eagleville (Eagle Ford-2) 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 in accordance with the GOR determination requirements of Commission procedures as indicated on Forms G-1, G-5, or W-2 as appropriate."

The evidence submitted by Penn at the hearing consisted primarily of oil and gas well production data for the first 180 days following completion for each of the subject wells. This data was then converted into cartesian and logarithmic graphs depicting the daily GOR for each well during this time period. Based upon this evidence, the Examiners conclude that the two wells identified in Attachment A of this Report meet the permanent gas well classification criteria established for the Field.

At the hearing, Penn agreed on the record that the Final Order in this docketed case, can be final and effective when a Master Order relating to this Final Order is signed.

### **FINDINGS OF FACT**

1. Penn Virginia Oil & Gas, L.P. (651780) (referred to as "Penn") is seeking permanent gas well classification for 40 oil wells on multiple leases in the Eagleville (Eagle Ford-2) Field (Field No. 27135750), Dewitt and Lavaca Counties, Texas.
2. On March 27, 2019, Penn requested a hearing. On July 12, 2019, the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to the applicant and operators in the Field setting a hearing date of August 14, 2019. Consequently, the parties received more than 10 days' notice of the hearing. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted.
3. The hearing was held on August 14, 2019 as noticed. Applicant appeared and participated at the hearing. No protest was received.
4. The Field Rules for the Eagleville (Eagle Ford-2) Field ("Field") allowed for permanent gas well classification from the date of first production based on a 3,000:1 gas-oil ratio ("GOR"). The below provision was adopted in Oil & Gas Docket No. 02-0297714, effective February 28, 2017 ("2017 Final Order"):
  - RULE 8: "For any well in the Eagleville (Eagle Ford-2) 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 in accordance with the GOR determination requirements of Commission procedures as indicated on Forms G-1, G-5, or W-2 as appropriate."
5. On the record at the hearing, Penn withdrew 20 of the 40 total wells that were originally requested in their application dated March 27, 2019. In addition, Penn was able to obtain administrative approval from the technical staff of the Commission for another 17 of the 20 remaining wells after the date of the hearing and eliminated one additional well for consideration in post-hearing correspondence dated December 18, 2019. Accordingly, as of the date of this report and recommendation, Penn's Application is limited to a request to reclassify two wells ("Wells") out of the original 40.
6. Penn's evidence indicates that the Wells were completed in the Field with a gas-oil ratio (GOR) of 3,000 cubic feet per barrel ("cf/barrel") and above, based on stabilized production rates during the first 180 days following completion of each well.

Accordingly, these two wells meet the GOR requirement for permanent gas well reclassification, as established by the field rules for the Field. At initial production, the two wells did not qualify for administrative reclassification by technical staff. During the hearing, evidence established the two wells stabilized within the first 180 days of production with a GOR (also referred to as a gas-liquid ratio, GLR) of 3,664 and 3,640 cf/barrel, qualifying for reclassification based on the Field Rule.

7. At the hearing, Penn agreed on the record that the Final Order in this docketed case, can be final and effective when a Master Order relating to this Final 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 in this docketed case, can be final and effective when a Master Order relating to this Final Order is signed.

### **EXAMINER'S RECOMMENDATION**

The Examiners recommend that the Commission enter an order permanently reclassifying the two wells identified in Attachment A to this Report with a GOR of 3,000 cf/barrel and above.

Respectfully submitted,



Robert Musick  
Technical Examiner



Ezra Johnson  
Administrative Law Judge

**ATTACHMENT A – Wells Meeting Gas Well Classification After Technical Review**

<b>Met Criteria</b>	<b>API No. for Well</b>	<b>District</b>	<b>Lease No.</b>	<b>Lease Name</b>	<b>Well No.</b>	<b>Field</b>
Meets Rule 8 (1)	28533684	02	10554	HINZE UNIT	1H	EAGLEVILLE (EAGLE FORD-2)
Meets Rule 8 (1)	28534051	02	10554	HINZE UNIT	4H	EAGLEVILLE (EAGLE FORD-2)

(1) *Met Rule 8 Criteria through a demonstration in the Hearing held on August 14, 2019*

**ATTACHMENT B – Wells Seeking Permanent Gas Well Classification in Hearing**

Eliminated	Well API No.	Lease No.	Lease Name	Well No.	Field
Removed (1)	28533661	10292	MATIAS UNIT	1H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533954	10292	MATIAS UNIT	4H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533674	10398	TECHNIK UNIT	1H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533718	10398	TECHNIK UNIT	2H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533719	10398	TECHNIK UNIT	7H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533677	10497	MARTINSEN UNIT	1H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533767	10497	MARTINSEN UNIT	2H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533771	10497	MARTINSEN UNIT	3H	EAGLEVILLE (EAGLE FORD-2)
	28533684	10554	HINZE UNIT	1H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	28533840	10554	HINZE UNIT	2H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	28533841	10554	HINZE UNIT	3H	EAGLEVILLE (EAGLE FORD-2)
	28534051	10554	HINZE UNIT	4H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28534052	10554	HINZE UNIT	5H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533687	10555	DOUGLAS RAAB UNIT	1H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533866	10555	DOUGLAS RAAB UNIT	2H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533714	10604	PILSNER HUNTER	3H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533715	10604	PILSNER HUNTER	4H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533932	10604	PILSNER HUNTER	6H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533726	10698	PORTER UNIT	1H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533776	10698	PORTER UNIT	5H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533777	10698	PORTER UNIT	6H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533801	10698	PORTER UNIT	9H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	28533739	10789	WELHAUSEN B	1H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	28533852	10789	WELHAUSEN B	2H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	28533853	10789	WELHAUSEN B	3H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	28533862	10789	WELHAUSEN B	4H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	28533863	10789	WELHAUSEN B	5H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	28533740	10790	WELHAUSEN A	2H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	28533856	10790	WELHAUSEN A	3H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	28533857	10790	WELHAUSEN A	4H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	28533844	10790	WELHAUSEN A	7H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	28533845	10790	WELHAUSEN A	8H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533873	11046	RBK UNIT	3H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	28533879	11056	OTHOLD-MARTINSEN	1H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	28533942	11143	DICKSON ALLEN	1H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	12333664	17152	MEDINA UNIT	2H	EAGLEVILLE (EAGLE FORD-2)
Removed (1)	17733560	17152	MEDINA UNIT	5H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	12334531	17152	MEDINA UNIT	9H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	12334532	17152	MEDINA UNIT	10H	EAGLEVILLE (EAGLE FORD-2)
Adm. Approval (2)	12334533	17152	MEDINA UNIT	11H	EAGLEVILLE (EAGLE FORD-2)

1 Removed for consideration at the Hearing held on August 14, 2019 or in e-mailed correspondence dated December 18, 2019 from applicant's representative

2 Administrative Approval by Commission Technical Staff outlined in September 27, 2019 Letter