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# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL & GAS DOCKET NO. 02-0322834**

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**APPLICATION OF ENCANA OIL & GAS(USA) INC. (251691) FOR PERMANENT GAS WELL RECLASSIFICATION, VARIOUS WELLS AND LEASES, EAGLEVILLE (EAGLEFORD-2) FIELD, KARNES COUNTY, TEXAS**

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### PROPOSAL FOR DECISION

**HEARD BY:** Ashley Correll, P.G. - Technical Hearings Examiner  
Ezra A. Johnson - Administrative Law Judge

### PROCEDURAL HISTORY:

Application Filed:	August 21, 2019
Notice of Hearing Issued:	October 7, 2019
Hearing Date:	October 29, 2019
Late-Filed Exhibits:	November 12, 2019
Close of Record:	February 12, 2020
Proposal for Decision Issued:	May 14, 2020

### APPEARANCES:

**For Applicant, Encana Operating Company, LP:**  
Doug Dashiell, Attorney, *Scott Douglass & McConnico LLP*  
James Clark, Petroleum Engineer

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## **I. CASE SUMMARY<sup>1</sup>**

Encana Oil & Gas (USA) Inc. (“Encana”) (Operator No. 251691) requested to permanently reclassify nineteen (19) wells from oil wells to gas wells in the Eagleville (Eagle Ford-2) Field (“Field”), in Karnes County, Texas. Encana previously sought to reclassify the nineteen (19) wells in Oil and Gas Docket No. 02-0315482. Encana voluntarily withdrew these wells from the prior docket following correspondence from the Hearings Division.

At the October 29, 2019 hearing, Encana again withdrew its application for nine (9) of the original nineteen (19) wells, leaving ten (10) wells to be considered in this docket. One (1) additional well was withdrawn following the hearing. Encana seeks to reclassify the nine (9) wells pursuant to Rule 8 of the special Field Rules for the Eagleville (Eagle Ford-2) Field (“Field”), as established in Oil and Gas Docket No. 02-0297714. Rule 8 of the Field Rules states any well in Field completed with a gas-oil ratio (“GOR”) of 3,000 cubic feet per barrel (“scf/bbl”) and above, may be permanently classified as a gas well without the need of further administrative review, provided the GOR was determined by stabilized well test conducted within 180 days of well completion, in accordance requirements as indicated on Forms G-1, G-5, or W-2 as appropriate.<sup>2</sup>

Encana provided sufficient evidence to support reclassification of five (5) of the ten (10) wells. On February 13, 2020, Encana opted to withdraw one well, the Wessendorf A Unit, Well No. 1H, from its application. As to the remaining four (4) wells, the record does not support permanent gas classification. Accordingly, the Technical Examiner and Administrative Law Judge (collectively, “Examiners”) recommend approval of the permanent reclassification of the wells listed below from oil wells to gas wells.

<b>Lease Name</b>	<b>Lease No. (Dist. 02)</b>	<b>Well No.</b>
Dromgoole “A” Unit	09847	5H
Dromgoole ‘B’ Unit	09945	8H
Sprencel “A” Unit	09832	4H
Wessendorf A Unit	10483	8H, 9H

The Examiners recommend denial of the permanent reclassification of the four (4) wells listed below from oil wells to gas wells.

<b>Lease Name</b>	<b>Lease No. (Dist. 02)</b>	<b>Well No.</b>
Dromgoole “A” Unit	09847	7H
Dromgoole ‘B’ Unit	09945	5H, 6H
Wessendorf A Unit	10483	16H

<sup>1</sup> The audio recording for the hearing held on October 29, 2019, is referred to as Audio at [minute(s)]. Applicant’s exhibits are referred to as “Ex. [exhibit no].”

<sup>2</sup> Ex. 2.

## **II. JURISDICTION AND NOTICE**

Sections 81.051 and 81.052 of the Texas Natural Resources Code provide the Commission with jurisdiction over all persons owning or engaged in drilling or operating oil or gas wells in Texas, and the authority to adopt all necessary rules for governing and regulating persons and their operations under the jurisdiction of the Commission.

On October 7, 2019, the Hearings Division of the Commission sent a Notice of Hearing (“Notice”) via first-class mail to Applicant and affected persons setting the hearing date for October 29, 2019.<sup>3</sup> Consequently, the parties received more than 10 days’ notice. 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. The hearing was held on October 29, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

## **III. APPLICABLE LEGAL AUTHORITY**

The Natural Resources Code §86.002(5) defines gas well as one that:

- A. Produces gas not associated or blended with oil at the time of production;
- B. Produces more than 100,000 cubic feet of gas to each barrel of oil from the same producing horizon; or
- C. Produces gas from a formation or producing horizon productive of gas only encountered in a well bore through which oil also is produced through the inside of another string of casing.

Similarly, a gas well is defined in 16 Tex. Admin. Code § 3.79(11) (“Statewide Rule” 3.79[11]) as any well:

- A. Which produces natural gas not associated or blended with crude petroleum oil at the time of production;
- B. Which produces more than 100,000 cubic feet of natural gas to each barrel of crude petroleum oil from the same producing horizon; or
- C. Which produces natural gas from a formation or producing horizon productive of gas only encountered in a wellbore through which crude petroleum oil also is produced through the inside of another string of casing or tubing. A well which produces hydrocarbon liquids, a part of which is formed by a condensation from a gas phase and a part of which is crude petroleum oil, shall be classified as a gas well unless there is produced one barrel or more of crude petroleum oil per 100,000 cubic feet of natural gas; and that the term "crude petroleum oil" shall

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<sup>3</sup> Ex. 1.

not be construed to mean any liquid hydrocarbon mixture or portion thereof which is not in the liquid phase in the reservoir, removed from the reservoir in such liquid phase, and obtained at the surface as such.

In the Final Order for Oil & Gas Docket 02-0297714, the Commission established special field rules for gas classification for wells in the Eagleville (Eagle Ford-2) Field. Rule 8 of the Field Rules states:

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.<sup>4</sup>

#### **IV. DISCUSSION OF THE EVIDENCE**

Encana provided testimony of one witness, Mr. James Clark, and sixteen (16) exhibits at the hearing. Encana requested to withdraw nine (9) of the nineteen (19) wells from the application with ten (10) wells remaining in the docket.<sup>5</sup> Following the hearing, Encana opted to withdraw one (1) additional well from its application.

Encana seeks to reclassify the nine (9) wells pursuant to special Field Rules for the Field, as established in Oil and Gas Docket No. 02-0297714. According the special field rules, any well in the Field with a GOR of 3,000 scf/bbl and above may be classified as a gas well without the need for further administrative review if the GOR was determined by stabilized well test conducted within 180 days of completion in accordance with the requirements of the Commission Forms G-1, G-5, or W-2.<sup>6</sup>

Encana provided the Examiner's Report and Recommendation ("ERR") for Oil and Gas Docket No. 02-0297714.<sup>7</sup> The ERR refers to the 2006 Commission Memo that outlines the paths to reach a gas well classification and states: "A well would be administratively classified as a gas well if the heptanes plus (C7+) mol percent of a compositional analysis is less than 11% [mol percent]." Data presented in that proceeding showed that wells drilled in the Field with a GOR of 3,000 scf/bbl had a heptanes plus composition profile sufficient for administrative classification as a gas well. The

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<sup>4</sup> Ex. 2.

<sup>5</sup> Ex. 4 and 5.

<sup>6</sup> Ex. 2.

<sup>7</sup> Ex. 3.

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Commission accepted this data and approved a 3,000 scf/bbl gas well classification criteria for the Field if certain conditions were met.<sup>8</sup>

The initial potential tests reported on the Commission Form W-2 for the subject wells showed a GOR of less than 3,000 scf/bbl.<sup>9</sup> Accordingly, the subject wells did not achieve the standard for administrative approval as gas wells and are presently classified as oil wells.<sup>10</sup> Mr. Clark noted that for seven (7) out of the ten (10) wells, Encana filed Commission Form W-2s prior to the adoption of the field rule.<sup>11</sup> Mr. Clark testified that the subject wells have met the criteria for permanent gas well classification upon hearing, however, because the field rule allows for gas well classification if a GOR of 3,000 scf/bbl is met within the first 180 days of production.<sup>12</sup>

For each well, Encana presented daily oil, gas, and water production data for the first 180 days of production. This data also included the date each of the wells went on artificial lift and the results of at least one allocation test prior to the well being placed on artificial lift. According to Mr. Clark's testimony, an allocation test is the metering of an individual well on a multi-well lease, in order to allocate production volumes to that individual well.<sup>13</sup> On multi-well leases, each well does not have a designated meter, so an allocation test is periodically run on individual wells and is used to assign estimated production to a specific well until the next allocation test is run.<sup>14</sup>

Mr. Clark testified that a common element for the wells rejected in the previous hearing was that because they went on artificial lift during the initial 180-day period.<sup>15</sup> Mr. Clark stated that the allocation tests show that all of the subject wells stabilized above 3,000 scf/bbl prior to being placed on artificial lift.<sup>16</sup>

The Dromgoole "A" Unit, Well No. 5H, was completed on July 16, 2015.<sup>17</sup> The initial potential test was performed on September 20, 2015 showing a GOR of 1,809 scf/bbl. The well produced 745 barrels of oil and 1,348 thousand cubic feet ("Mcf") of gas during the test.<sup>18</sup> The allocation test performed on December 7, 2015, prior to the well going on artificial lift, shows a GOR of 4,424 scf/bbl.<sup>19</sup>

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<sup>8</sup> Ex. 3.

<sup>9</sup> Ex. 16.

<sup>10</sup> Ex. 5; Audio at 11, 50-54.

<sup>11</sup> Audio at 53.

<sup>12</sup> Audio at 6.

<sup>13</sup> Audio at 13-14.

<sup>14</sup> Audio at 16-18.

<sup>15</sup> Audio at 34-35.

<sup>16</sup> Audio at 17-18.

<sup>17</sup> Ex. 16.

<sup>18</sup> *Id.*

<sup>19</sup> Ex. 6; Audio at 13-14.

The Dromgoole "A" Unit, Well No. 7H, was completed in July 17, 2015.<sup>20</sup> The initial potential test was performed on October 11, 2015 showing a GOR of 1,630 scf/bbl. The well produced 633 barrels of oil and 1,032 Mcf of gas during the test.<sup>21</sup> Mr. Clark testified that the allocation test performed on December 10, 2015, prior to the well going on artificial lift, shows a GOR of 4,308 scf/bbl.<sup>22</sup>

The Dromgoole 'B' Unit, Well No. 5H, was completed on July 24, 2015.<sup>23</sup> The initial production test was performed on September 20, 2015 showing a GOR of 1,780 scf/bbl.<sup>24</sup> The well produced 721 barrels of oil and 1,284 Mcf of gas during the test.<sup>25</sup> The allocation test was performed on December 4, 2015, prior to the well being placed on artificial lift, showing a GOR of 3,071 scf/bbl.<sup>26</sup>

The Dromgoole 'B' Unit, Well No. 6H, was completed on July 19, 2015.<sup>27</sup> The initial potential test was performed on September 27, 2015 showing a GOR of 1,682 scf/bbl. The well produced 756 barrels of oil and 1,272 Mcf of gas during the test.<sup>28</sup> Mr. Clark testified that there was a drop in GOR and gas production following the well being placed on artificial lift on December 27, 2015, and the reason for the drop is unknown.<sup>29</sup> The allocation test performed on December 10, 2015, prior to the well being placed on artificial lift, showed a GOR of 4,141 scf/bbl.<sup>30</sup>

The Dromgoole 'B' Unit, Well No. 8H, was completed on September 6, 2015.<sup>31</sup> The initial potential test was performed on November 2, 2015, showing a GOR of 2,903 scf/bbl. The well produced 299 barrels of oil and 868 Mcf of gas during the test.<sup>32</sup> Allocation tests were performed on the well on November 5, 2015, November 16, 2015, December 31, 2015, January 1, 2016, January 5, 2016, and January 8, 2016. The allocation tests showed GORs ranging from 2,276 scf/bbl to 3,060 scf/bbl. The GOR for the well dropped between November and December of 2015, and Mr. Clark stated his opinion that the well was hydraulically fractured by an offset unit to the northeast, which caused a drop in gas production.<sup>33</sup> Mr. Clark testified that prior to the incident, this well achieved a stabilized GOR of 3,000 scf/bbl.<sup>34</sup>

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<sup>20</sup> Ex. 16.

<sup>21</sup> *Id.*

<sup>22</sup> Ex. 7; Audio at 18.

<sup>23</sup> Ex. 16.

<sup>24</sup> *Id.*

<sup>25</sup> Ex. 16.

<sup>26</sup> Ex. 8.

<sup>27</sup> Ex. 16.

<sup>28</sup> *Id.*

<sup>29</sup> Ex. 9; Audio at 20.

<sup>30</sup> Ex. 9, Audio at 21.

<sup>31</sup> Ex. 16.

<sup>32</sup> *Id.*

<sup>33</sup> Audio at 22-23.

<sup>34</sup> Ex. 10; Audio at 23.

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The Sprencel "A" Unit, Well No. 4H, was completed on July 7, 2015. The initial potential test was performed on September 3, 2015, showing a GOR of 1,862 scf/bbl. The well produced 992 barrels of oil and 1,848 Mcf of gas during the test.<sup>35</sup> The allocation test performed on December 11, 2015, prior to the wells going on artificial lift, showed a GOR of 3,118 scf/bbl.<sup>36</sup>

The Wessendorff A Unit, Well No. 8H, was completed on February 26, 2018. The initial potential test was completed on April 16, 2018 showed a GOR of 2,562 scf/bbl. The well produced 794 barrels of oil and 2,035 of gas during the test.<sup>37</sup> The allocation test performed on May 4, 2018, prior to the well being placed on artificial lift, resulted in a GOR of 4,414 scf/bbl.<sup>38</sup>

The Wessendorff A Unit, Well No. 9H, was completed on February 26, 2018. The initial potential test was completed on April 2, 2018, and showed a GOR of 2,910 scf/bbl. The well produced 1,060 barrels of oil and 3,085 Mcf of gas during the test.<sup>39</sup> The allocation test performed on May 5, 2019, prior to artificial lift, resulted in a GOR of 4,993 scf/bbl.<sup>40</sup>

The Wessendorff A Unit, Well No. 16H, was completed on October 1, 2017.<sup>41</sup> The initial potential test was performed on October 9, 2017 showing a GOR of 1,444 scf/bbl. The well produced 3,248 barrel of oil and 4,692 Mcf of gas during the test.<sup>42</sup> The allocation test was performed on January 29, 2018, with a GOR of 3,374 scf/bbl, prior to the well being placed on artificial lift.<sup>43</sup> Mr. Clark stated that the choke size for this well was constant for months before it was shut-in briefly in January 2018. When the well resumed production, it was on a slightly higher choke size. Mr. Clark stated that opening the choke at the end of the 180-day period prior to artificial lift did increase the GOR.<sup>44</sup>

In response to questions from the Examiners, Mr. Clark testified that opening up the choke allows more oil, gas, and water to be produced and changing the choke size can change the GOR.<sup>45</sup> A choked-back well will frequently load up and not produce the liquids as efficiently as compared to opening up the choke.<sup>46</sup> This influences the GORs recorded at the surface. Mr. Clark stated that when a choke is opened, the production

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<sup>35</sup> Ex. 16

<sup>36</sup> Audio at 25.

<sup>37</sup> Ex. 16.

<sup>38</sup> Ex. 12; Audio at 27.

<sup>39</sup> Ex. 16

<sup>40</sup> Ex. 13; Audio at 28.

<sup>41</sup> Ex. 16.

<sup>42</sup> *Id.*

<sup>43</sup> Ex. 14.

<sup>44</sup> Audio at 40-41.

<sup>45</sup> Audio at 38-40.

<sup>46</sup> Audio at 42-43.



characteristics are changed at the reservoir level going into the wellbore and at the measured production at the surface.<sup>47</sup>

## **V. EXAMINERS' ANALYSIS OF THE EVIDENCE**

### **A. Wells Recommended for Reclassification**

The Examiners' recommend approval of the permanent reclassification of the Dromgoole "A" Unit, Well No. 5H; the Dromgoole 'B' Unit, Well No. 8H; the Sprencel "A" Unit, Well No. 4H; the Wessendorff A Unit, Well No. 8H; and the Wessendorf A Unit, Well No. 9H as reflected in the attached Attachment A. Rule 8 of the field rules states that if the well achieved a 3,000 scf/bbl GOR by stabilized well test within the first 180 days of production, the well can be administratively classified as a gas well. The initial potential tests as reported on the Commission's Form W-2 show the GORs for each of these wells was below 3,000 scf/bbl, therefore, permanent gas well classification could not be approved administratively. The Examiners reviewed initial potential test data, evaluated estimated daily production data to determine stabilization of the GOR, and considered alterations in production characteristics due to changes in choke size and placing wells on artificial lift.

The Examiners find that the estimated daily production data for the Dromgoole "A" Unit, Well No. 5H; the Dromgoole 'B' Unit, Well No. 8H; the Sprencel "A" Unit, Well No. 4H; the Wessendorff A Unit, Well No. 8H; and the Wessendorf A Unit, Well No. 9H; as reflected in the attached Attachment A, demonstrated that these five (5) wells met the 3,000 scf/bbl GOR criteria within 180 days of well completion; and recommend Encana's request to reclassify these wells from oil wells to gas wells be approved.

### **B. Wells Not Recommended for Reclassification**

The Examiners' recommend denial of the permanent reclassification of the Dromgoole "A" Unit, Well No. 7H; the Dromgoole 'B' Unit, Well No. 5H; the Dromgoole 'B' Unit, 6H, and the Wessendorff A Unit, Well No. 16H; as reflected in the attached Attachment B, from oil wells to gas wells. Encana previously brought these four wells ("Wells") before the Hearings Division in a previous docket and withdrew the reclassification requests following a letter sent by the Hearings Division stating the wells did not meet the 3,000 scf/bbl GOR standard.

The ERR for Oil and Gas Docket No. 02-0297714 provided during the hearing states, "the classification of a well is dependent on whether the hydrocarbons exist as a gas or liquid in-situ." The Examiners reviewed the data for each of the wells during the first 180 days of production to determine the GOR that is representative of reservoir

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<sup>47</sup> Audio at 43-45.

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conditions at each well. The Examiners reviewed initial potential test data, evaluated estimated daily production data to determine stabilization of the GOR, and considered alterations in production characteristics due to changes in choke size and placing wells on artificial lift.

Rule 8 of the field rules states that if the well achieved a 3,000 scf/bbl GOR by stabilized well test within the first 180 days of production, the well can be administratively classified as a gas well. The initial potential tests as reported on the Commission's Form W-2 show the GORs for each of the Wells was below 3,000 scf/bbl, therefore, permanent gas well classification could not be approved administratively.

Each well was placed on artificial lift during the 180-day period. While artificial lift does not disqualify a well from being reclassified from an oil well to a gas well, production data from a well placed on artificial lift is less reliable as evidence of actual conditions in the reservoir. Artificial lift alters the production characteristics of the well. Production data from a flowing well is a better indicator of reservoir conditions, which is what the special field rule for the Field is intended to approximate as an alternative to a full well stream analysis for each well.

As to each of the Wells, initial potential tests achieved a GOR of less than 3,000 scf/bbl. A review of the estimated daily production for each well showed that the GOR remained below the 3,000 scf/bbl threshold during most days before the wells were placed on artificial lift. The daily production data for the Wells is an estimate based on a series of allocation tests that are performed on each of the Wells. Though multiple allocation tests were performed on each well throughout the 180-day period, Encana only testified to the result of a single test from each of the Wells to represent the GOR. The results of any other allocation tests were not provided during the hearing.

The Examiners also reviewed the change in choke sizes for each well during the 180-day period. A review of the daily production data for the Wells shows a correlation between the opening of the choke of the well, and an increase in GOR. To the extent that estimated daily production from some of the Wells showed a GOR in excess of 3,000 scf/bbl prior to being put on artificial lift, this appeared to be more a function of changes in choke size than an indication of actual reservoir conditions.

Mr. Clark testified that even if artificial lift is a factor in the approval of the reclassification of a well, the allocation tests represent flowing well tests for each of the wells immediately before being placed on artificial lift.<sup>48</sup> Encana argues that these tests are a demonstration of the wells achieving the 3,000 scf/bbl GOR standard as flowing wells. Mr. Clark's testimony was the only evidence provided for the allocation tests. The test results were not presented on Commission forms. A single allocation test provides the GOR at a point in time but estimated daily production data based on a series of

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<sup>48</sup> Audio at 37.

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allocation tests establishes a trend in GOR over the period the well was flowing. The GOR established from estimated daily production was below the 3,000 scf/bbl during most days prior to artificial lift.

The Examiners find that the initial potential test data, estimated daily production data, and a single allocation test per well provided during the hearing does not support the permanent reclassification of the four Wells from oil wells to gas wells. Based on the record in this case, the Examiners recommend Encana's request to reclassify the Wells from oil wells to gas wells be denied.

## **VI. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The Examiners recommend the Commission adopt the following findings of fact and conclusions of law:

### **FINDINGS OF FACT**

1. The following is the procedural history for the docket:
  - a. On September 3, 2019, a request for a hearing was received from Encana Oil & Gas(USA) Inc. ("Encana") (251691). Encana requested to permanently reclassify nineteen (19) oil wells in the Eagleville (Eagle Ford-2) Field ("Field"), in Karnes County, Texas, to gas wells.
  - b. On October 7, 2019, the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to the Applicant and all off-set operators in the Field setting a hearing date for October 25, 2019. Consequently, the parties received more than 10 days' notice. 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;
  - c. The hearing was held on October 25, 2019.
2. At the hearing, Encana retracted nine (9) wells from the application.
3. Oil and Gas Docket No. 02-0297714 dated February 28, 2017, adopted special Field Rules for Field. Rule 8 of the Field Rules states "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.”

4. On January 30, 2020, the Hearings Division sent a letter to Encana stating that the Examiners concluded that the record does not support gas classification for the following five wells: the Dromgoole “A” Unit, Well No. 7H; the Dromgoole ‘B’ Unit, Well No. 5H; the Dromgoole ‘B’ Unit, Well No. 6H; the Wessendorff A Unit, Well No. 16H; and the Wessendorff A Unit, Well No. 1H.
5. On February 13, 2020, Encana opted to withdraw one well, the Wessendorff A Unit, Well No. 1H, from its application.
6. The nine (9) wells did not achieve a GOR of 3,000 scf/bbl during the initial potential tests as reflected on the Commission’s Form W-2.
7. The Dromgoole “A” Unit, Well No. 5H; the Dromgoole ‘B’ Unit, Well No. 8H; the Sprencel “A” Unit, Well No. 4H; the Wessendorff A Unit, Well No. 8H; and the Wessendorff A Unit, Well No. 9H; as reflected in the attached Attachment A, achieved a GOR of 3,000 scf/bbl or above during most days prior to the wells being placed on artificial lift.
8. The GOR for the Dromgoole “A” Unit, Well No. 7H; Dromgoole ‘B’ Unit, Well No. 5H; Dromgoole ‘B’ Unit, Well No. 6H; and the Wessendorff A Unit, Well No. 16H; as reflected in the attached Attachment B, was below the 3,000 scf/bbl during most days prior to these wells being placed on artificial lift.
9. The Dromgoole “A” Unit, Well No. 5H; the Dromgoole ‘B’ Unit, Well No. 8H; the Sprencel “A” Unit, Well No. 4H; the Wessendorff A Unit, Well No. 8H; and the Wessendorff A Unit, Well No. 9H; as reflected in the attached Attachment A, meet the requirements for permanent gas well classification.
10. The Dromgoole “A” Unit, Well No. 7H; Dromgoole ‘B’ Unit, Well No. 5H; Dromgoole ‘B’ Unit, Well No. 6H; and the Wessendorff A Unit, Well No. 16H; as reflected in the attached Attachment B, did not achieve a stabilized GOR of 3,000 scf/bbl or above in the first 180-days of production. These wells do not meet the requirements for permanent gas well classification.

### **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 and § 81.052.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.45.

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3. The Dromgoole "A" Unit, Well No 5H; Dromgoole 'B' Unit, Well No. 8H; Sprencel "A" Unit, Well No. 4H; Wessendorff A Unit, Well No. 8H; and Wessendorff A Unit, Well No. 9H, as reflected in the attached Attachment A, meet the requirements of the Eagleville (Eagle Ford-2) Field Rules to be permanently classified as gas wells.
4. The Dromgoole A Unit, Well No. 7H; the Dromgoole B Unit, Well No. 5H; the Dromgoole B Unit, 6H, and the Wessendorff A Unit, Well No. 16H; as reflected in the attached Attachment B, do not meet the requirements of the Eagleville (Eagle Ford-2) Field Rules to be permanently classified as gas wells.

## **VII. EXAMINERS' RECOMMENDATION**

Based on the above findings of facts and conclusions of law, the Examiners recommend the Commission approve the request of Encana to permanently reclassify the Dromgoole "A" Unit, Well No. 5H; the Dromgoole 'B' Unit, Well No. 8H; the Sprencel "A" Unit, Well No. 4H; the Wessendorff A Unit, Well No. 8H; and the Wessendorff A Unit, Well No. 9H; as reflected in Attachment A, from oil wells to gas wells. The Examiners also recommend the Commission deny the request of Encana to permanently reclassify the Dromgoole "A" Unit, Well No. 7H, the Dromgoole 'B' Unit, Well No. 5H; the Dromgoole 'B' Unit, Well No. 6H; and the Wessendorff A Unit, Well No. 16; as reflected on Attachment B, from oil wells to gas wells.

Respectfully submitted,

DocuSigned by:  
  
9BA42C769073423...  
Ashley Correll, P.G.  
Technical Examiner

DocuSigned by:  
  
2F31E6B6E48340B...  
Ezra A. Johnson  
Administrative Law Judge

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**ATTACHMENT A**

<b>Lease Name</b>	<b>Lease No. (Dist. 02)</b>	<b>Well No.</b>
Dromgoole "A" Unit	09847	5H
Dromgoole 'B' Unit	09945	8H
Sprencel "A" Unit	09832	4H
Wessendorf A Unit	10483	8H, 9H

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**ATTACHMENT B**

<b>Lease Name</b>	<b>Lease No. (Dist. 02)</b>	<b>Well No.</b>
Dromgoole "A" Unit	09847	7H
Dromgoole 'B' Unit	09945	5H, 6H
Wessendorf A Unit	10483	16H