



RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0306059

THE APPLICATION OF BHP BILLITON PET (TEXLA OP) CO TO RECLASSIFY A GROUP OF OIL WELLS TO GAS WELLS, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN AND LA SALLE COUNTIES, TEXAS

OIL & GAS DOCKET NO. 02-0306061

THE APPLICATION OF BHP BILLITON PET (TEXLA OP) CO TO RECLASSIFY A GROUP OF OIL WELLS TO GAS WELLS, EAGLEVILLE (EAGLE FORD-2) FIELD, LIVE OAK COUNTY, TEXAS

HEARD BY: Peggy Laird, P.G. – Technical Examiner
Jennifer N. Cook – Administrative Law Judge

HEARING DATES: October 18 and November 17, 2017
RECORD CLOSED: May 21, 2018
CONFERENCE DATE: June 19, 2018

APPEARANCES:

REPRESENTING:

APPLICANT:

Doug Dashiell
Fred Arasteh

BHP Billiton Pet (TEXLA OP)

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the application of BHP Billiton Pet (TEXLA OP) ("BHP") to reclassify forty-three (43) oil wells as gas wells in the Eagleville (Eagle Ford-1) Field in McMullen and La Salle Counties, and in the Eagleville (Eagle Ford-2) Field in Live Oak County, Texas. The hearing was called and immediately recessed to accommodate a scheduling request by BHP. Because of their similarity, both dockets were heard together in the referenced hearings. BHP originally requested to reclassify a total of forty-five wells but withdrew two wells and now requests to reclassify 43 oil wells as permanent gas wells, retroactively. The field rules for both referenced Fields allow for permanent gas well classification from the date of initial completion based on a 3,000:1 gas to oil ratio ("GOR"). The application was not protested. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the application.

DISCUSSION OF THE EVIDENCE

Field rules for the Eagleville (Eagle Ford-1) Field were established by Final Order (Oil & Gas Docket No. 01-0297472) and for the Eagleville (Eagle Ford-2) Field (Oil & Gas Docket No. 02-0297714). Both orders were issued on February 28, 2017 and provide for classification of gas wells.¹ Similar orders have previously been adopted in other nearby Eagleford fields, including the adjoining DeWitt (Eagle Ford Shale) and Sugarkane (Eagle Ford) Fields. The field rules for the Eagleville (Eagle Ford-1) and the Eagleville (Eagle Ford-2) Fields allow for permanent gas well classification from the date of initial completion for wells with a 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.

The subject wells were permitted, drilled and completed as oil wells. BHP'S expert engineering witness stated the wells BHP is wanting to reclassify from oil wells to gas wells meet the criteria established in the referenced final orders. BHP requests that the 43 oil wells listed in Attachments A and B to be reclassified as gas wells under the existing field rules established by the referenced final orders. To support their request, BHP provided daily production data for the 180-day period after first production. This data demonstrated the 43 wells requested by BHP to be reclassified from oil wells to gas wells stabilized at a GOR of 3,000 cubic feet per barrel or greater early in the life of the well.

BHP originally sought to reclassify 45 wells from oil wells to gas wells. A review of the daily production data for the 45 wells shows 43 of the 45 wells were completed with a stabilized GOR of 3,000 cubic feet per barrel or greater, early in the life of the well. However, evidence in the record does not support permanent gas well classification for the BHP Billiton WK Unit 16 1H, API No. 42-283-33761 and the BHP Billiton Hauglum A 1H, API No. 42-297-35203. Based on daily production data for the first 180 days of production, these wells did not meet the requirement of the Field Rules as presented in evidence. On May 18, 2018, BHP opted to withdraw without prejudice those two wells.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators in the field at least ten days prior to the date of hearing. There were no protests to the application.
2. On February 28, 2017, the Commission issued a Final Order for Oil & Gas Docket No. 01-0297472, authorizing the permanent classification of gas wells for wells in the Eagleville (Eagle Ford-1) Field completed with a 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.
3. On February 28, 2017, the Commission issued a Final Order for Oil & Gas Docket No. 02-0297714, authorizing the permanent classification of gas wells for wells in the Eagleville (Eagle Ford-2) Field completed with a 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.
4. Utilizing production data for the 180-day period after first production, BHP demonstrated the 43 subject wells were completed with a GOR of 3,000 cubic feet

¹ Exhibit Nos. 3 and 4.

per barrel or greater, based on stabilized production rates early in the life of the wells.

5. 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. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.42.
3. The 43 subject wells meet the requirements of the Eagleville (Eagle Ford-1) and the Eagleville (Eagle Ford-2) Field Rules to be permanently classified as gas wells, effective the date of first production.
4. Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and the agreement of the applicant, the Final Order is effective when a Master Order relating to the Final Order is signed on June 19, 2018.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant the request of BHP to reclassify 43 wells listed in Attachments A and B as gas wells, effective the date of initial completion.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Jennifer N. Cook
Administrative Law Judge

OIL & GAS DOCKET NO. 01-0306059, ATTACHMENT A: WELL RECLASSIFICATION LIST

	WELL	API NO.	COUNTY
1	DILWORTH 27H	42-311-35424	MCMULLEN
2	DILWORTH 32H	42-311-35642	MCMULLEN
3	DILWORTH 7H	42-311-35640	MCMULLEN
4	STOREY UNIT 2 1H	42-283-33504	LA SALLE
5	WK ACE UNIT 1 1H	42-283-33259	LA SALLE
6	WK GU 11 1H	42-283-33122	LA SALLE
7	WK GU 12 1H	42-283-33221	LA SALLE
8	WK UNIT 15 4H	42-283-33757	LA SALLE

OIL & GAS DOCKET NO. 02-0306061, ATTACHMENT B: WELL RECLASSIFICATION LIST

	WELL	API NO.	COUNTY
1	HAUGLUM 10H	42-297-35246	LIVE OAK
2	HAUGLUM 11H	42-297-35254	LIVE OAK
3	HAUGLUM 12H	42-297-35257	LIVE OAK
4	HAUGLUM 13H	42-297-35255	LIVE OAK
5	HAUGLUM 14H	42-297-35256	LIVE OAK
6	HAUGLUM 15H	42-297-35521	LIVE OAK
7	HAUGLUM 1H	42-297-34886	LIVE OAK
8	HAUGLUM 3H	42-297-35386	LIVE OAK
9	HAUGLUM 4H	42-297-35387	LIVE OAK
10	HAUGLUM 5H	42-297-35518	LIVE OAK
11	HAUGLUM 7H	42-297-35520	LIVE OAK
12	HAUGLUM 8H	42-297-35388	LIVE OAK
13	HAUGLUM A 2H	42-297-35211	LIVE OAK
14	HAUGLUM B 1H	42-297-35315	LIVE OAK
15	HAUGLUM B 2H	42-297-35345	LIVE OAK
16	HAUGLUM B 3H	42-297-35344	LIVE OAK
17	HAUGLUM B 4H	42-297-35346	LIVE OAK
18	HAUGLUM C 2H	42-297-35363	LIVE OAK
19	HAUGLUM C 3H	42-297-35364	LIVE OAK
20	HAUGLUM C 4H	42-297-35365	LIVE OAK
21	HAUGLUM C 5H	42-297-35366	LIVE OAK
22	HAUGLUM D 2H	42-297-35379	LIVE OAK
23	HAUGLUM D 3H	42-297-35380	LIVE OAK
24	HAUGLUM D 4H	42-297-35384	LIVE OAK
25	HAUGLUM D 5H	42-297-35385	LIVE OAK
26	JERRY HOUSE UNIT A 3H	42-297-35523	LIVE OAK
27	JERRY HOUSE UNIT A 4H	42-297-35524	LIVE OAK
28	JERRY HOUSE UNIT A 5H	42-297-35525	LIVE OAK
29	JERRY HOUSE UNIT B 1H	42-297-35390	LIVE OAK
30	JERRY HOUSE UNIT B 2H	42-297-35515	LIVE OAK
31	JERRY HOUSE UNIT B 3H	42-297-35516	LIVE OAK
32	JERRY HOUSE UNIT C 1H	42-297-35391	LIVE OAK
33	JERRY HOUSE UNIT C 2H	42-297-35632	LIVE OAK
34	JERRY HOUSE UNIT C 3H	42-297-35633	LIVE OAK
35	JERRY HOUSE UNIT C 4H	42-297-35634	LIVE OAK