

November 1, 2007

**OIL AND GAS DOCKET NO. 06-0253740**

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**APPLICATION OF EOG RESOURCES, INC. TO CONSIDER A BLANKET EXCEPTION TO STATEWIDE RULE 10 FOR ALL CURRENT AND FUTURE WELLS OPERATED BY EOG RESOURCES, INC. IN THE CARTHAGE (COTTON VALLEY) AND CARTHAGE (TRAVIS PEAK) FIELDS, PANOLA, HARRISON AND SHELBY COUNTIES, TEXAS**

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**HEARD BY:** Thomas H. Richter, P.E.  
**DATE OF HEARING:** October 30, 2007

**APPEARANCES:**

Phillip Whitworth, lawyer  
Richard A. Johnston

**REPRESENTING:**

EOG Resources, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

EOG Resources, Inc. requests exceptions to Statewide Rule 10 for all wells presently or ever completed on leases it operates in the Carthage (Cotton Valley) and Carthage (Travis Peak) Field. EOG Resources, Inc. , also requests that the commingled wellbores be assigned to the Carthage (Cotton Valley) Field for proration purposes. The examiner recommends approval of the requested Rule 10 authority.

**DISCUSSION OF THE EVIDENCE**

The Carthage (Travis Peak) Field was discovered in 1943 at 6,243' subsurface depth. There are 4 operators in the field and 184 wells. Special Field Rules provide for minimum well spacing of 467'/933' and 640 acre and optional 40 acre density. The field is designated as Associated-Prorated and the allocation formula is suspended.

The Carthage (Cotton Valley) Field was discovered in 1968 at 9,509' subsurface depth. This is a large multi-operator field with 2,724 wells. Special Field Rules provide for minimum well spacing of 467'/933' and 320 acre and optional 40 acre density. The field is designated as Associated-Prorated and the allocation formula is suspended.

Most of the development has been in the Cotton Valley. The productive, sporadic Travis Peak development is spread across the entire Cotton Valley field area. There have been eight downhole commingling permits issued for the proposed Cotton Valley and Travis Peak fields.

Several blanket Rule 10 exceptions have been granted on specific operator leases in the nearby Minden (Cotton Valley Cons.) and Minden (Travis Peak Cons.) Fields. No fluid compatibility problems have occurred in previously commingled wells. Water analysis for the Cotton Valley indicates no scaling problems. Water analysis of the Travis Peak does indicate a small tendency for scaling. The waters have been combined in various ratios and only those combined water samples in which the Travis Peak water was dominant indicated a scaling parameter. Therefore combining the water will not add to a worst scaling problem than is already present. EOG asserts that it does not expect any cross-flow to occur because the zones will not be commingled until the Cotton Valley zone pressure is depleted sufficiently to match the Travis Peak zone.

EOG estimates that incremental reserves as a result of commingling is  $\pm 69$  MMCF of gas per well. This is a result of a lower combined economic limit.

It is proposed that any commingled wellbores be assigned to the Carthage (Cotton Valley) Field for proration purposes.

#### **FINDINGS OF FACT**

1. Notice of this hearing was issued to all operators in the Carthage (Travis Peak) and Carthage (Cotton Valley) Fields.
2. The Carthage (Travis Peak) Field was discovered in 1943 at 6,243' subsurface depth.
  - a. The field is designated as Associated-Prorated and the allocation formula is suspended.
  - b. There are 4 operators in the field and 184 wells.
3. The Carthage (Cotton Valley) Field was discovered in 1968 at 9,509' subsurface depth.
  - a. The field is designated as Associated-Prorated and the allocation formula is suspended.
  - b. This is a large multi-operator field with 2,724 wells.
4. Downhole commingling of the Cotton Valley and Travis Peak is common. Numerous Rule 10 exceptions have been approved by the Commission.
  - a. Several blanket Rule 10 exceptions have been granted on specific operator leases in the nearby Minden (Cotton Valley Cons.) and Minden (Travis Peak Cons.) Fields.
  - b. No fluid compatibility problems have occurred in previously commingled wells.
5. Cross-flow between the fields is not expected because wells will not be commingled until pressures are equalized. No fluid compatibility problems have been observed in previously

commingled wells and water analysis indicates very little scaling tendencies.

6. EOG Resources estimates that incremental reserves as a result of commingling is  $\pm 69$  MMCF of gas per well.

**CONCLUSIONS OF LAW**

1. Proper notice was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval of the requested Rule 10 exceptions for all wells on leases operated by EOG Resources in the Carthage (Travis Peak) and Carthage (Cotton Valley) Fields will prevent waste and will not harm correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends approval of the requested Rule 10 exceptions for all wells on leases operated by EOG Resources in the Carthage (Travis Peak) and Carthage (Cotton Valley) Fields, as specified in the attached order.

Respectfully submitted,

Thomas H. Richter, P.E.  
Technical Examiner  
Office of General Counsel