

OIL AND GAS DOCKET NO. 7C-0255099

THE APPLICATION OF EOG RESOURCES, INC. TO CONSIDER INCREASED NET GOR AUTHORITY FOR THE SHANNON HOSPITAL A-4 WELL NO. 13, NOELKE (WOLFCAMP, LOWER) FIELD, CROCKETT COUNTY, TEXAS

Heard by: Donna K. Chandler on January 31, 2008

Appearances:

Rick Johnston

Representing:

EOG Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc. requests authority to produce its Shannon Hospital A-4 Well No. 13 under increased net gas-oil ratio authority with a daily gas limit of 4,500 MCFD. EOG also requests that all overproduction for the well be canceled.

This application was unopposed and the examiner recommends approval of increased net gas-oil ratio authority with a daily gas limit of 4,500 MCFD and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Shannon Hospital A-4 Well No. 13 was completed in October 2007 with perforations between 5,158 and 5,168 feet. On initial test, the well produced at a rate of 107 BOPD, 3,316 MCFD and 47 BWPD. The top allowable in the field is 500 BOPD, with a casinghead gas limit of 1,000 MCFD per well.

There are 20 producing wells in the field. EOG operates all but two of the wells. The field was discovered in 1977 but there was no production between 1990 and 2000. In 2001, EOG began developing the field and cumulative production is now over 3 million BO and 3 BCF of gas. Several wells are high GOR wells and the No. 8 well on the Shannon Hospital 4 lease was granted increased net GOR authority with a daily gas limit of 2,700 MCFD.

EOG tested the well at various rates. The results of the testing are summarized below:

<u>Choke</u>	<u>Avg. Oil Rate</u>	<u>Avg. Gas Rate</u>	<u>Avg. FTP</u>	<u>Avg. GOR</u>
12/64	38 BOPD	1,600 MCFD	1,720 psi	42,400 cuft/bbl
14/64	67 BOPD	2,260 MCFD	1,710 psi	33,500 cuft/bbl
16/64	91 BOPD	2,551 MCFD	1,700 psi	28,100 cuft/bbl
18/64	129 BOPD	3,600 MCFD	1,660 psi	27,800 cuft/bbl
20/64	145 BOPD	3,870 MCFD	1,580 psi	26,700 cuft/bbl
22/64	157 BOPD	4,560 MCFD	1,600 psi	28,900 cuft/bbl

The testing demonstrates that the well produces more efficiently at higher rates than at restricted rates. Under the current allowable, the well is receiving a penalized allowable of only 6 BOPD due to high gas-oil ratio. Restricting the well to this rate is not necessary to prevent waste.

EOG estimates that the lease is overproduced approximately 6,700 BO and 192 MCFD of gas as of December 31, 2007. EOG requests that all overage be cancelled.

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 hearing.
2. The Shannon Hospital 4 Well No. 13 was completed in the Noelke (Wolfcamp, Lower) Field in October 2007. There are 20 producing wells in the field.
3. The top allowable in the field is 500 BOPD and 1,000 MCFD. The subject well is assigned a penalized allowable of only 6 BOPD due to high gas-oil ratio.
4. A step rate test of the well demonstrates that the wells produces more efficiently at high rates than at restricted rates. The gas-oil ratio varies between 27,000 and 29,000 cubic feet per barrel at high rates. At restricted rates, the gas-oil ratio is up to 42,000 cubic feet per barrel.
5. The well is capable of producing over 150 BOPD and 4,500 MCFD. Producing the well at this rate will not cause waste.
6. The lease is overproduced approximately 6,700 BO and 192 MMCF of casinghead gas.

CONCLUSIONS OF LAW

1. Notice of this hearing was given as specified in the provisions of all regulatory codes.
2. All things have occurred or been accomplished to give the Commission jurisdiction in this matter.
3. Approval of increased net gas-oil ratio authority with a casinghead gas limit of 4,500 MCFD for the Shannon Hospital 4 Well No. 13 in the Noelke (Wolfcamp, Lower) Field and cancellation of overproduction will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Shannon Hospital 4 Well No. 13 in the Noelke (Wolfcamp, Lower) Field be authorized to produce under net gas-oil ratio authority with a daily gas limit of 4,500 MCFD and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Donna K. Chandler
Technical Examiner