

**OIL AND GAS DOCKET NO. 01-0227261**

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**THE APPLICATION OF EEX E&P COMPANY, LP FOR NEW FIELD DESIGNATION AND TWO-FACTOR ALLOCATION FORMULA IN THE (PROPOSED) LANGTRY (CANYON) FIELD, VAL VERDE COUNTY, TEXAS**

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**Heard by:** Margaret Allen, Technical Hearings Examiner

**Procedural history**

Application received: January 22, 2001

Hearing held: February 21, 2001

**Appearances**

Dale Miller

Representing  
United Oil & Minerals

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

EEX E&P Company, LP is seeking to have its Whitehead "79" Lease Well No. 1 designated as the discovery well for the proposed Langtry (Canyon) Field. EEX also requests the following two field rules:

1. Designated interval from 10,942 to 11,430 feet as shown on the log of the EEX E&P Company Whitehead "79" Well No. 1; and
2. allocation based on 5% per well and 95% on deliverability.

**DISCUSSION OF THE EVIDENCE**

Rio-Tex, Inc. drilled the Whitehead Lease Well No. 1 in January of 2000, but did not complete the well. EEX purchased the wellbore and filed a completion Form G-1 on November 2, 2000. The well was completed open hole between 10,942 and its total depth at 11,430 feet. The highest tested producing rate was 2755 MCF/D, at a bottomhole pressure of 4255 psi.

The well, which EEX renamed the Whitehead "79" Well No. 1, is now shut-in waiting on the completion of a 23-mile pipeline. There are no active wells within 2-1/2 miles of the subject well. The only wells ever completed within 2-1/2 miles of the subject well were in the Paluxy Formation and were only 300 feet deep.

EEX is requesting that the entire Canyon section be included within the designated interval of the proposed new field. This was a very expensive well and it is not practical to complete and produce every sandstone separately. Once the pipeline is complete, EEX intends to fracture stimulate the well which will place the various sandstones in artificial communication. The quality of the Canyon sandstones is known to vary considerably but it is possible that all of the sands in the Whitehead "79" No. 1 are in natural communication away from the wellbore.

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to the applicant and to operators within 2-1/2 miles of the EEX E&P Company Whitehead "79" Lease Well No. 1 on February 5, 2001.
2. The subject well was drilled by Rio-Tex, Inc. as its Whitehead No. 1 in January of 2000, but Rio-Tex did not complete the well.
3. EEX E&P Company assumed operation of the well, renamed it the Whitehead "79" Lease Well No. 1, and filed a Form G-1 on November 2, 2000.
4. The discovery well is completed open hole from the top of the Canyon formation at 10,942 feet to total depth of the well at 11,430 feet.
5. The highest producing rate indicated on the Form G-1 was 2755 MCF per day, at a bottom-hole pressure of 4255 psi.
6. The open section includes several sandstones that may or may not be in communication away from the wellbore.
7. Allocation based 5% per well and 95% on deliverability will satisfy the statutory requirement for a two-factor allocation formula.
8. There are no active wells within 2-1/2 miles of the discovery well and the only previous wells within that distance were only 300 feet deep.

#### **CONCLUSIONS OF LAW**

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. EEX Whitehead "79" Lease Well No. 1 is entitled to be considered the discovery well for a new field as it produces from a previously unproduced reservoir.

4. The requested designated interval and two-factor allocation formula will prevent waste, protect correlative rights, and satisfy statutory requirements.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that the EEX E&P Company Whitehead "79" Lease Well No. 1 be considered the discovery well for a new field to be known as the Langtry (Canyon) Field and that the requested designated interval and two-factor allocation formula be adopted as field rules.

Respectfully submitted,

Margaret Allen  
Technical Hearings Examiner

Date of Commission Action: March 6, 2001

Exhibits

1. Letter denying new field
2. Form P-7
3. Map
4. Data with map
5. G-1
6. AFE
7. Justification
8. Type log