

**OIL AND GAS DOCKET NO. 04-0247389**

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**THE APPLICATION OF EOG RESOURCES, INC. TO CONSIDER A NEW FIELD DESIGNATION TO BE KNOWN AS THE MCALLEN RANCH (VKSBG W-Y) FIELD, HIDALGO COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on May 30, 2006

**Appearances:**

Doug Dashiell  
Kenneth Marbach  
John Burnette

**Representing:**

EOG Resources, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

EOG Resources, Inc. requests that a new field designation called the McAllen Ranch (Vksbg W-Y) Field be approved for its Beaurline No. 1. EOG also requests that the following rules be adopted for the McAllen Ranch (Vksbg W-Y) Field:

1. Designation of the field as the correlative interval from 13,540 feet to 14,950 feet as shown on the log of the Beaurline No. 1;
2. Well spacing 467 feet from lease lines and no between-well spacing limitation;
3. Allocation based on 95% deliverability and 5% per well.

There were no protests to this application and the examiner recommends approval of the new field designation and field rules.

**DISCUSSION OF EVIDENCE**

EOG Resources, Inc. drilled the Beaurline No. 1 to a total depth of 15,200 feet. In March 2006, the Vicksburg Y Sand was perforated from 14,828 feet to 14,926 feet. After fracture stimulation and testing, a composite bridge plug was set at 14,815 feet. The Vicksburg X Sand was then perforated from 13,832 feet to 13,852 feet. This zone was fracture stimulated and tested and another composite bridge plug was set at 13,780 feet.

The Vicksburg W-2 Sand was then perforated, fracture stimulated and tested from 13,624 feet to 13,694 feet. Another bridge plug was set at 13,610 feet. The Vicksburg W-1 Sand was perforated, fracture stimulated and tested from 13,554 feet to 13,574 feet. Following the test of the W-1 interval, the top two plugs were drilled out, leaving the Y Sand below a plug. On April 21, 2006, the three open zones were tested at a rate of 8,180 MCFD, 147 BCPD and 600 BWPD. The Y Sand had been a marginal producer, with a test of only 200 MCFD with some water.

The new field designation should be approved for the Beaurline No. 1. There is no comparable production within a 2 ½ mile radius of the Beaurline No. 1. There are many wells producing from the McAllen Ranch (L-V, N Cons.) Field, which is productive immediately above the proposed new field. Additionally, the bottomhole pressure reported on Form G-1 for the combined test is 11,500 psi, which is virgin pressure.

EOG requests that the entire correlative interval between 13,540 and 14,950 feet in the Beaurline No. 1 be considered a single field. This interval includes all four intervals tested in the well. All of the zones are low permeability (0.1-0.5 md), high pressure sands. Combining the intervals will result in the recovery of 121 MMCF of additional gas due to a lower combined economic limit.

This area has extensive faulting and EOG expects individual wells to encounter separate fault blocks, similar to what was encountered in the L-V zones. EOG requests that the field have no between-well spacing limitation for this reason. The same spacing rule has been adopted for the McAllen Ranch (L-V, N Cons.) Field. This spacing has been adopted for numerous other consolidated fields in District 4.

State statutes require that a two factor allocation formula be adopted for the proposed field designation to be considered a single field. EOG requests that allocation be based on 95% deliverability and 5% per well for the field.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. EOG tested four separate Vicksburg intervals in the Beaurline No. 1 before commingling the W-1, W-2 and X Sands. The Y Sand remains isolated below a bridge plug set at 14,815.
3. The Beaurline No. 1 is entitled to a new field designation.
  - a. There is no comparable production within a 2 ½ mile radius of the Beaurline No. 1.
  - b. The Beaurline No. 1 encountered virgin bottomhole pressure.

4. The entire correlative interval from 13,540 to 14,950 feet as shown on the log of the Beaurline No. 1 includes the Vicksburg W-1, W-2, X and Y Sands and should be designated as the McAllen Ranch (Vksbg W-Y) Field.
5. Allocation based on 95% deliverability and 5% per well will protect correlative rights and meets statutory requirements for combining multiple productive zones into a single field.
6. Elimination of a between well spacing requirement in the McAllen Ranch (Vksbg W-Y) Field will allow operators to drill wells at optimum locations to encounter separate fault blocks of the various Vicksburg sands within the correlative interval. The proposed 467'-0' spacing rule has already been adopted in the overlying McAllen Ranch (Vksbg L-V, N Cons.) Field.

#### **CONCLUSIONS OF LAW**

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Approval of the requested new field designation and adoption of field rules will prevent waste, protect correlative rights and promote the orderly development of the field.

#### **RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of the new field designation and adoption of field rules for the McAllen Ranch (Vksbg W-Y) Field.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner