OIL AND GAS DOCKET NO. 04-0254127

THE APPLICATION OF EOG RESOURCES, INC. TO CONSIDER NEW FIELD DESIGNATION, FIELD CONSOLIDATION AND FIELD RULES FOR THE (PROPOSED) TULE LAKE (FRIO CONSOLIDATED) FIELD, NUECES COUNTY, TEXAS

Heard by: Donna K. Chandler on November 30, 2007

Appearances:	**Representing:**
Doug Dashiell	EOG Resources, Inc.
Kenneth Marbach	

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc. requests that a new field designation called the Tule Lake (Frio Consolidated) Field be approved for its St. Tr. 750A Well No. 1. EOG requests that the following field rules be adopted for the new field:

1. Designation of the field as the correlative interval from 11,250 feet (TVD) to 12,740 feet (TVD) as shown on the log of the St. Tr. 750A No. 1;

2. Allocation based on 95% deliverability and 5% per well.

At the hearing, EOG requested that the Tule Lake, N.E. (Laureles) Field be consolidated into the new field because the field produced from a zone within the proposed correlative interval. There are no operators in the Tule Lake, N.E. (Laureles) Field at the current time and therefore no additional notice was required. There were no protests to this application and the examiner recommends approval of the new field designation, field consolidation and field rules.

DISCUSSION OF EVIDENCE

EOG completed its St. Tr. 750A No. 1 in November 2007. The well is a directional well with a bottomhole location under Nueces Bay. The well is currently perforated in a Frio Sand between 12,496 feet (TVD) and 12,600 feet (TVD). EOG plans to add perforations in six other Frio Sands within the proposed correlative interval.

On initial test, the well produced at a rate of 3,811 MCFD, 1,099 BCPD and 23 BWPD. A recombined sample analysis was performed on a fluid sample from the producing interval which indicated that the well produces from a retrograde condensate reservoir with a dew point of 5,345 psia. The initial reservoir pressure was 9,299 psia.

The new field designation should be approved for the St. Tr. 750A No. 1 well. There are approximately 400 completions within a 2 ½ mile radius of the subject well. Only twelve of these 400 wells were drilled deeper than 11,000 feet. Only one well, the Edwin L. Cox - St. Tr. 750 No. 1, produced from the same fault block as the subject well and within the proposed correlative interval. This well was drilled in 1982 and plugged in 1984. The Edwin L. Cox well was the discovery well for the Tule Lake, N. E. (Laureles) Field and this field should therefore be consolidated into the new field.

EOG requests that the entire correlative interval between 11,250 feet (TVD) and 12,740 feet (TVD) in the St. Tr. 750A No. 1 be considered a single field known as the Tule Lake (Frio Consolidated) Field. This interval includes numerous Frio Sands in which separate completions would not be economically feasible. As a result of commingling the various Frio Sands, EOG estimates than an additional 0.5 BCF of gas will be recovered based on a lower combined economic limit. All zones have the same working interest and royalty interest ownership.

Cross-flow between the zones is not anticipated. However, EOG will monitor water production from the wells and chemically treat the wellbore as necessary to prevent scaling.

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 completed its St. Tr. 750A No. 1 in November 2007 with perforations in a Frio Sand between 12,496 feet (TVD) and 12,600 feet (TVD). The well is a directional well with a bottomhole location under Nueces Bay.

3. The St. Tr. 750A No. 1 is entitled to a new field designation.

    a. The well encountered virgin pressure of 9,299 psia.

    b. Only 12 of approximately 400 completions within a 2 ½ mile radius of the subject well are drilled deeper than 11,000 feet.

c. Only one well, the Edwin L. Cox - St. Tr. 750 No. 1, produced from a sand in the same fault block as the subject well and within the proposed correlative interval.

4. The St. Tr. 750 No. 1 well was drilled in 1982 and plugged in 1984 and was the discovery well for the Tule Lake, N. E. (Laureles) Field. There are no wells currently in the field and it should be consolidated into the new field.

5. The proposed correlative interval between 11,250 feet (TVD) and 12,740 feet (TVD) in the St. Tr. 750A No. 1 contains numerous Frio Sands in which separate completions would not be economically feasible.

6. All zones in the proposed correlative interval have the same working interest and royalty interest ownership.

7. Any cross-flow which may occur between the various Frio Sands will not cause waste.

8. 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.

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, field consolidation 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 Tule Lake (Frio Consolidated) Field. It is also recommended that the Tule Lake, N. E. (Laureles) Field be consolidated into the Tule Lake (Frio Consolidated) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner