

THE APPLICATION OF EOG RESOURCES, INC. TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE (PROPOSED) SIRENA (UPPER WILCOX) FIELD, WEBB COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on July 3, 2008

Appearances:

Doug Dashiell
Mimi Winetroub

Representing:

EOG Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc. requests that a new field designation called the Sirena (Upper Wilcox) Field be approved for its El Viejito "B" Well No. 5. EOG also requests that the following rules be adopted for the Sirena (Upper Wilcox) Field:

1. Designation of the field as the correlative interval from 8,135 feet to 9,120 feet as shown on the log of the El Viejito "B" Well No. 5;
2. 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. originally completed its El Viejito "B" Well No. 5 in April 2008 and then recompleted it in May 2008. The well has two sets of perforations in the H-2 and lower productive sands between 8,148 feet and 9,048 feet. On initial test, the well produced at a rate of 869 MCFD with a GOR 167.4 MCF/BBL from the lower perforations. Flowing tubing pressure was 1,069 psi.

The new field designation should be approved for the El Viejito "B" Well No. 5. There is no comparable production within a 2 ½ mile radius of Well No. 5, as all wells in the area are producing in zones either above or below the proposed interval. Additionally, the El Viejito "B" Well No. 5 encountered virgin pressure of 3,995 psig.

EOG requests that the entire correlative interval between 8,148 feet and 9,048 feet

(MD) in the El Viejito "B" Well No. 5 be considered a single field. This interval includes the H-2 and a lower sand. The lower sands from 8,995 feet to 9,048 feet produced 869 MCFD before the perforations were closed off with a composite plug. The H-2 sands from 8,148 feet to 8,178 feet initially produced 780 MCFD, 0 BOPD and 250 BWPD. The sands did not flow until the sands were fractured stimulated. Separate completions in the intervals would not be commercial.

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 Resources, Inc. completed its El Viejito "B" Well No. 5 in April 2008 with two sets of perforations in the H-2 and lower sands between 8,148 feet and 9,048 feet (MD). On initial test, the well produced at a rate of 869 MCFD from the lower perforations and 780 MCFD, 0 BOPD and 250 BWPD from the H-2 sands (upper perforations).
3. The El Viejito "B" Well No. 5 is entitled to a new field designation because there is no comparable production within a 2½ mile radius of the subject well.
4. The entire correlative interval from 8,148 feet and 9,048 feet (MD) as shown on the Hydrocarbon Data Systems Log of the El Viejito "B" Well No. 5 should be designated as the Sirena (Upper Wilcox) 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.

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 Sirena (Upper Wilcox) Field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner