



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 04-0278844

THE APPLICATION OF EOG RESOURCES, INC. TO CONSIDER A NEW FIELD DESIGNATION AND TO ADOPT TEMPORARY FIELD RULES FOR THE PROPOSED TARTAN (YEGUA) FIELD, ZAPATA COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Marshall F. Enquist - Legal Examiner

HEARING DATE: November 27, 2012

APPEARANCES: REPRESENTING:

APPLICANT:

Doug J. Dashiell
Nathan Hollek

EOG Resources, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc. ("EOG") requests that a new field designation called the Tartan (Yegua) Field (ID No. 88382 500) be approved for its Slator Ranch Lease, Well No. 1AL. EOG proposes that the following Temporary Field Rules be adopted for the new field, subject to review in 24 months:

1. Designation of the field as the correlative interval from 1,140 feet to 1,432 feet as shown on the log of the EOG Resources, Inc. - Slator Ranch Lease, Well No. 1AL (API No. 42-505-36577);
2. 330'-660' well spacing;
3. 10 acre density;
4. Allocation based on 100% acres with a Top Oil Allowable based on the 1965 Yardstick Allowable of 21 barrels of oil per day.

The application is unopposed and the examiners recommend approval of the new field designation for the Slator Ranch Lease, Well No. 1AL, and adoption of Temporary Field Rules for the Tartan (Yegua) Field, as proposed by EOG.

DISCUSSION OF EVIDENCE

EOG completed its Slator Ranch Lease, Well No. 1AL, in August 2012 with perforations in the Yegua formation between 1,180 feet and 1,185 feet. On initial test, the well produced pumping at a maximum rate of 11 BOPD, 0 MCFGPD and 0 BWPD. Currently, EOG is the only operator in the new field. Cumulative production from the field through November 24, 2012, is 1.0 MBO and no casinghead gas.

A new field designation should be approved for the Slator Ranch Lease, Well No. 1AL, as there is no comparable production within a 2.5 mile radius of the discovery well. Although there are numerous wells located in the 2.5 mile radius, these wells produce from the deeper Wilcox formation. EOG requests that the correlative interval from 1,140 feet to 1,432 feet as shown on the log of the EOG Resources, Inc. - Slator Ranch Lease, Well No. 1AL (API No. 42-505-36577), J V Borrego Survey, A-209, Zapata County, Texas, be designated as the Tartan (Yegua) Field. The proposed correlative interval includes the entire Yegua formation. The primary drive mechanism is a combination drive of depletion and water drives.

From log analysis, EOG estimated an average porosity of 28%, an average water saturation of 40%, a net pay thickness of 6 feet and a recovery factor of 15%. EOG calculated the drainage area for the discovery well to be 10 acres with an estimated ultimate recovery of 11.3 MBO. Based on this analysis, EOG requests 330'-660' well spacing and 10 acre density. EOG submitted a tabulation of four other shallow oil fields in Webb and Zapata Counties that had adopted similar spacing and density Field Rules. EOG proposes allocation based on 100% acres and a Top Oil Allowable based on the 1965 Yardstick Allowable of 21 barrels of oil per day.

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. ("EOG") completed its Slator Ranch Lease, Well No. 1AL, in August 2012 with perforations in the Yegua formation between 1,180 feet and 1,185 feet.
 - a. On initial test, the well produced pumping at a maximum rate of 11 BOPD, 0 MCFGPD and 0 BWPD.

- b. EOG is the only operator in the new field.
3. The Slator Ranch Lease, Well No. 1AL, is entitled to a new field designation, as there is no comparable production within a 2.5 mile radius of the discovery well.
4. The correlative interval from 1,140 feet to 1,432 feet as shown on the log of the EOG Resources, Inc. - Slator Ranch Lease, Well No. 1AL (API No. 42-505-36577), J V Borrego Survey, A-209, Zapata County, Texas, should be designated as the Tartan (Yegua) Field. The proposed correlative interval includes the entire Yegua formation.
5. Adoption of 330'-660' well spacing and 10 acre density are appropriate for the field.
 - a. From log analysis, EOG estimated an average porosity of 28%, an average water saturation of 40%, a net pay thickness of 6 feet and a recovery factor of 15%.
 - b. EOG calculated the drainage area for the discovery well to be 10 acres with an estimated ultimate recovery of 11.3 MBO.
 - c. Four other shallow oil fields in Webb and Zapata Counties have adopted similar spacing and density Field Rules.
6. Allocation based on 100% acres and a Top Oil Allowable based on the 1965 Yardstick Allowable of 21 barrels of oil per day will protect correlative rights and satisfy statutory requirements.

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 Temporary Field Rules for the Tartan (Yegua) Field will prevent waste, protect correlative rights and promote the orderly development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve the new field designation and adopt Temporary Field Rules, subject to review in 24 months, for the proposed Tartan (Yegua) Field, as requested by EOG Resources, Inc.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Marshall F. Enquist
Legal Examiner