

May 25, 2006

**OIL AND GAS DOCKET NO. 04-0247333**

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**APPLICATION OF EOG RESOURCES, INC. TO CONSOLIDATE VARIOUS WHITE POINT, EAST FIELDS INTO THE PROPOSED WHITE POINT, EAST (CONSOLIDATED) FIELD AND ADOPT FIELD RULES FOR THE WHITE POINT, EAST (CONSOLIDATED) FIELD, SAN PATRICIO COUNTY, TEXAS**

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**HEARD BY:** Thomas H. Richter, P.E.

**DATE OF HEARING:** May 22, 2006

**APPEARANCES:**

Doug Dashiell, attorney  
Charles R. Salmon

**REPRESENTING:**

EOG Resources, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

This is the untested application of EOG Resources, Inc. for the Commission to consider consolidating eighteen (18) White Point, East Fields (see attached Appendix "A") into a new field designation to be known as the White Point, East (Consolidated) Field. It is proposed that the following special field rules be adopted:

1. The entire combined correlative interval from 10,490' to 13,100' as shown on the type Computer Processed log of the EOG Resources, State Tract D GU Well No. 1, (API No. 42-409-32754), San Patricio County, Texas, should be designated as the White Point, East (Consolidated) Field.
2. Gas well allocation formula based on 95% deliverability and 5% per well. It is further requested that the allocation formula be suspended.

There are two associated "oil" fields, however, there are no active wells in these fields. Though an oil well is not anticipated, it is proposed that the field be designated as Associated-Prorated and the gas wells not be subject to 49(b) allowable restriction. The examiner recommends approval of the application.

**DISCUSSION OF THE EVIDENCE**

The subject eighteen White Point, East Fields were all discovered between 1972 and 1992. The discovery depths range from 9,900' to 12,200' subsurface. Eight of the fields have special field rules (density rules of 320 or 160 or 40) which were adopted in 1979 and 1980 by administrative approval for one operator fields. All the fields have minimum well spacing of 467'/1200'.

Currently there are three operators with 20 active wells (EOG operates 8 wells). The current production rate from the fields is 6,700 MCFD and 230 BCD. Cumulative gas from all the fields is 146 BCF and 2.3 million barrels of condensate.

The subject reservoirs are the result of a stacked series of Frio Sandstone lenses that are relatively continuous across the field area but the reservoir quality and thickness of each lense can and does vary greatly. The entire combined correlative interval from 10,490' to 13,100' as shown on the type Computer Processed log of the EOG Resources, State Tract D GU Well No. 1, (API No. 42-409-32754), San Patricio County, Texas, should be designated as the White Point, East (Consolidated) Field.

Consolidation of the subject fields will provide for the orderly development of fields and the efficient and effective recovery of reserves that otherwise would go unrecovered. Current well production ranges from 18 MCFD to 1,313 MCFD. Volumetric and drainage analysis was performed on at least one well from each of the subject fields. Ultimate recoveries are based either on production decline analysis or final recovery from a well that is now plugged and abandoned. The ultimate recoveries ranged from 145 MMCF to 2.4 BCF. The calculated drainage areas ranged from 8 acres to 140 acres for an average of 42 acres per well.

Many of the sand are not stand alone economic producing sands. There are numerous potentially productive horizons to be produced, but without the consolidation of the fields and the freedom to produce multiple reservoirs simultaneously, reserves could be left in the ground, unrecovered, as the economics may not justify individual completions. Downhole commingling the production from all reservoirs during re-completion will reduce capital expenditures. Allowing multiple reservoirs to be simultaneously produced, the economic limit is lowered for each of the individual reservoirs thereby enhancing recovery and preventing waste of recoverable reserves. It is estimated that an additional 66.3 MMCF will be recovered per re-completion. Gas/fluid analysis show similar chemical components. There have been numerous approved downhole commingling permits granted and there has been no indication of adverse affects.

It is proposed that a two-factor allocation formula based on 95% deliverability and 5% per well be adopted which is representative of the hydrocarbon reserves that would be attributable to a well. It is also appropriate that the allocation formula be suspended as the field consolidation will not reduce the field demand for 100% of the produced gas.

### **FINDINGS OF FACT**

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.

3. The subject eighteen White Point, East Fields were all discovered between 1972 and 1992.
  - a. The discovery depths range from 9,900' to 12,200' subsurface.
  - b. Eight of the fields have special field rules (density rules of 320 or 160 or 40) which were adopted in 1979 and 1980 by administrative approval for one operator fields.
  - c. All the fields have minimum well spacing of 467'/1200'.
4. The entire combined correlative interval from 10,490' to 13,100' as shown on the type Computer Processed log of the EOG Resources, State Tract D GU Well No. 1, (API No. 42-409-32754), San Patricio County, Texas, should be designated as the White Point, East (Consolidated) Field.
5. Consolidation of the subject fields will provide for the order development of fields and the efficient and effective recovery of reserves that otherwise would go unrecovered.
  - a. Many of the sand are not stand alone economic producing sands and re-completion costs will be reduced.
  - b. There are numerous potentially productive horizons to be produced, but without the consolidation of the fields and the freedom to produce multiple reservoirs simultaneously, reserves could be left in the ground, un-recovered, as the economics may not justify individual completions.
  - c. By reducing capital expenditures, the recovery factor for each well will increase, thereby allowing for recovery of additional reserves and minimizing waste.
  - d. In addition, by allowing multiple reservoirs to be simultaneously produced, the economic limit is lowered for each of the individual reservoirs thereby enhancing recovery and preventing waste of recoverable reserves.
  - e. An estimated additional 66.3 MMCF will be recovered per re-completion.
6. A multi-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes.
  - a. The proposed two-factor allocation formula for gas wells based on 95% deliverability and 5% per well satisfies this requirement.
  - b. It is also appropriate that the allocation formula be suspended as the field consolidation will not reduce the field demand for 100% of the produced gas.
7. The White Point, East (Consolidated) Field should be classified as an Associated-Prorated

reservoir as there are no active “oil” wells currently. Gas well allowables should not be subject to potential 49(b) allowable restrictions in the future.

**CONCLUSIONS OF LAW**

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Consideration for consolidation of fields and field rules, a determination of the effectiveness of the rules and appropriate actions is a matter within the Commission jurisdiction.
4. Adoption of the proposed consolidation of fields and adoption of the proposed field rules will prevent waste, foster conservation and protect correlative rights.
5. Suspension of the allocation formula pursuant to Statewide Rule 31(j) is warranted.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed field consolidations and field rules for the White Point, East (Consolidated) Field.

Respectfully submitted,

Thomas H. Richter, P.E.  
Technical Examiner  
Office of General Counsel

**APPENDIX “A”**

**FIELD NAME**

**RRC FIELD NUMBER**

White Point, E. (Brooks Seg. A)

96979 002

White Point, E. (Brooks Seg. B)	96979 003
White Point East (Copeland)	96979 014
White Point East (French)	96979 025
White Point, E. (French Seg. A)	96979 027
White Point, East (KJ)	96979 143
White Point, East (Koonce)	96979 145
White Point, East (Mayo)	96979 150
White Point, East (Owens)	96979 200
White Point, E. (Owens Seg. A)	96979 201
White Point, E. (Owens Seg. B)	96979 202
White Point, East Deep (Brooks)	96980 300
White Point, East Deep (Crumpton)	96980 320
White Point, East Deep (Guedin LWR)	96980 350
White Point, East Deep (Guedin UP)	96980 375
White Point, East Deep (Hatch)	96980 400
White Point E. Deep (Herron LO)	96980 450
White Point, East Deep (Mayo)	96980 488