

OIL AND GAS DOCKET NO. 04-0249491

THE APPLICATION OF EOG RESOURCES, INC. TO EXPAND THE CORRELATIVE INTERVAL FOR THE LOPEZ, SE. (8140) FIELD, ADOPT A TWO FACTOR ALLOCATION FORMULA, AND CHANGE THE FIELD NAME TO THE LOPEZ, S.E. (CONSOLIDATED) FIELD, DUVAL COUNTY, TEXAS

Heard by: Donna K. Chandler on November 29, 2006

Appearances:

Doug Dashiell
Kelly Reiber

Representing:

EOG Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG requests that the correlative interval for the Lopez, SE. (8140) Field be expanded to include additional productive sands. EOG proposes that the field be defined as the correlative interval between 7,800 feet and 8,450 feet as shown on the log of the V. Kohler A No. 100. EOG also requests that the field name be changed to Lopez, SE (Consolidated) Field.

This application was unopposed and the examiner recommends approval of EOG's request to expand the correlative interval for the field and change the field name.

DISCUSSION OF THE EVIDENCE

The Lopez, SE. (8140) Field was discovered in June 1998 upon completion of the F. Gonzalez GU No. 1. The approved field interval is from 8,136 feet to 8,494 feet as shown on the log of the discovery well. The field operates under Statewide Rules and the allocation formula is suspended.

The October 2006 proration schedule indicates 12 active wells in the field. EOG operates two wells; the remaining wells are operated by Reichmann Petroleum Corp. EOG has recently completed four wells in the field which are not yet on the proration schedule. Cumulative production from the field is approximately 11.3 BCF of gas and 120,000 BC.

EOG requests that the current field designation be expanded to include additional Wildcat intervals and that the new field be designated as the Lopez, SE. (Consolidated) Field. The current interval includes the H-2, H-3 and Puig Wilcox sands. EOG proposes adding the H-1 and A-3 Wilcox sands to the field interval. These sands were found to be productive in other wells drilled in the area. Rule 10 exceptions have been approved for some wells in the Lopez, SE (8140) Field and these Wildcat intervals.

EOG estimates that an additional 36.5 MMCF of gas will be recovered as a result of commingling each additional Wilcox sand member. The combined economic limit of each wellbore can be lowered by eliminating the cost of separate completions in each zone. Additionally, some zones would not be economic to produce as separate completions. All of the sands within the proposed correlative interval are Wilcox sands with similar reservoir and fluid properties.

Because the proposed designated intervals contains multiple sands, a two factor allocation formula is required by statute. EOG proposes that allocation be based on 95% deliverability and 5% per well. This allocation formula is currently suspended and EOG requests continuation of this status.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators of wells in the Lopez, SE. (8140) Field at least ten days prior to the date of hearing.
2. The Lopez, SE (8140) Field was discovered in 1998. The interval for the field is from 8,136 feet to 8,494 feet as shown on the log of the F. Gonzalez GU No. 1. This interval includes the Wilcox H-2, H-3 and Puig sands.
3. Expansion of the correlative interval for the field to include the Wilcox H-1 and A-3 sands will maximize ultimate recovery by lowering the economic limit of the combined zones. Some zones would not be economic to produce as separate completions.
4. Expansion of the correlative interval for the field will not cause waste because the interval includes only Wilcox sands which have similar reservoir and fluid properties.
5. The Lopez, SE. (Consolidated) Field should be designated as the correlative interval from 7,800 feet and 8,450 feet as shown on the log of the V. Kohler A No. 100. This interval includes the current interval for the Lopez, SE. (8140) Field and two Wildcat Wilcox sands.
6. Allocation based on 95% deliverability and 5% per well is a reasonable allocation formula which satisfies statutory requirements.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Consolidation of the proposed field interval and field rules as proposed by EOG Resources, Inc. is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the Lopez, SE. (8140) Field be consolidated into a new field called the Lopez, SE. (Consolidated) Field and the new field be defined as the correlative interval from 7,800 feet to 8,450 feet as shown on the log of the V. Kohler A No. 100. It is further recommended that allowable be based on 95% deliverability and 5% per well in the new field and that the allocation formula be suspended.

Respectfully submitted,

Donna K. Chandler
Technical Hearings Examiner