



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 04-0284509

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THE APPLICATION OF EOG RESOURCES, INC. TO CONSOLIDATE VARIOUS STILLMAN FIELDS AND TO ADOPT FIELD RULES FOR THE PROPOSED STILLMAN (DEEP CONS.) FIELD, KENEDY COUNTY, TEXAS

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HEARD BY: Richard D. Atkins, P.E. - Technical Examiner  
Laura Miles-Valdez - Legal Examiner

DATE OF HEARING: October 11, 2013

APPEARANCES: REPRESENTING:

**APPLICANT:**

Doug J. Dashiell EOG Resources, Inc.  
Kenneth Marbach

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

EOG Resources, Inc. ("EOG") requests that various Stillman fields be consolidated into a new field to be known as the Stillman (Deep Cons.) Field (ID No. 86133 010). The fields proposed for consolidation are as follows:

<u>FIELD NAME</u>	<u>FIELD NUMBER</u>
Stillman (K-00)	86133 646
Stillman (K-00, W.)	86133 649
Stillman (K-00 III, K-32)	86133 680
Stillman (K-32)	86133 714
Stillman (K-32, I)	86133 715
Stillman (K-32, 43 II, L-22 II)	86133 748
Stillman (K-34)	86133 782
Stillman (K-43)	86133 790
Stillman (K-43 MULA)	86133 795
Stillman (K-78)	86133 850
Stillman (K-81)	86133 870
Stillman (L-22)	86133 884

<u>FIELD NAME</u>	<u>FIELD NUMBER</u>
Stillman (L-36)	86133 918
Stillman (L-36, II)	86133 925
Stillman (L-46)	86133 935
Stillman-NC (K-00, S)	86135 230
Stillman-NC (L-33)	86135 240

EOG also requests that the following Field Rules be adopted for the consolidated field:

1. Designated interval from 10,900 feet to 14,110 feet as shown on the log of the EOG Resources, Inc. - R J Kleberg, Jr TR Stillman Lease, Well No. 514 (API No. 42-261-31559);
2. Allocation based on 95% deliverability and 5% per well with AOF status.

The application was unopposed and the examiners recommend approval of the field consolidation and Field Rules for the Stillman (Deep Cons.) Field, as requested by EOG.

### DISCUSSION OF THE EVIDENCE

The subject fields were discovered beginning in September 1961. There are four producing gas wells carried on the gas proration schedules. EOG and Exxon Mobil Corporation are the only operators in the fields. All of the subject fields operate under Statewide Field Rules. The fields are geographically intermingled and there are no other fields contained within the proposed correlative interval. Some of the wells have produced from several different fields. Cumulative production from the fields through July 2013 is 80.2 BCFG. All of the condensate production is reported at the gas processing facility on RRC Form R-3.

EOG proposes that the correlative interval from 10,900 feet to 14,110 feet as shown on the log of the EOG Resources, Inc. - R J Kleberg, Jr TR Stillman Lease, Well No. 514 (API No. 42-261-31559), J J Balli Survey, A-1, Kenedy County, Texas, be considered a single field known as the Stillman (Deep Cons.) Field. The correlative interval includes over-pressured Frio Sand formations. All of the fields are gas condensate reservoirs and produce under a depletion drive mechanism. The reservoir and fluid properties in all the fields are similar and EOG did not anticipate any crossflow between the commingled formations.

EOG is proposing that the consolidated field have Statewide spacing and density Field Rules. Because the consolidated interval for the field includes multiple reservoirs, a two factor allocation formula is required by Texas statute. EOG requests that a two

consolidated field. EOG also requests that the allocation formula be suspended, as there is a 100% market demand for all of the gas produced from the field.

### FINDINGS OF FACT

1. Notice of this hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing and no protests were received.
2. The subject fields were discovered beginning in September 1961.
  - a. There are four producing gas wells carried on the gas proration schedules.
  - b. EOG Resources, Inc. ("EOG") and Exxon Mobil Corporation are the only operators in the fields.
  - c. All of the subject fields operate under Statewide Rules.
  - d. The subject fields are geographically intermingled and there are no other fields contained within the proposed correlative interval.
  - e. Some of the wells have produced from several different fields.
3. The Stillman (Deep Cons.) Field should be designated as the correlative interval from 10,900 feet to 14,110 feet as shown on the log of the EOG Resources, Inc. - R J Kleberg, Jr TR Stillman Lease, Well No. 514 (API No. 42-261-31559), J J Balli Survey, A-1, Kenedy County, Texas.
  - a. The correlative interval includes over-pressured Frio Sand formations.
  - b. All of the fields are gas condensate reservoirs and produce under a depletion drive mechanism.
  - c. The reservoir and fluid properties in all the fields are similar and EOG did not anticipate any crossflow between the commingled formations.
4. Allocation based on 95% deliverability and 5% per well is a reasonable formula which will satisfy state statutes and protect correlative rights of mineral owners in the field.
5. Suspension of the allocation formula is appropriate, as there is a 100% market demand for all of the gas produced from the field.


**CONCLUSIONS OF LAW**

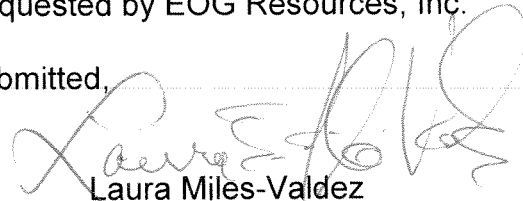
1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Consolidation of the subject fields and adopting Field Rules for the proposed Stillman (Deep Cons.) Field will prevent waste, protect correlative rights and promote development of the field.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve the field consolidation and adopt Field Rules for the proposed Stillman (Deep Cons.) Field, as requested by EOG Resources, Inc.

Respectfully submitted,

  
Richard D. Atkins, P.E.  
Technical Examiner

  
Laura Miles-Valdez  
Legal Examiner