

**APPLICATION OF EOG RESOURCES, INC. TO CONSOLIDATE THE APPLEBY, N. (PETTIT), APPLEBY, N. (RODESSA), APPLEBY, N. (RODESSA, UPPER) AND APPLEBY, N. (TRAVIS PEAK) FIELDS AND TO ADOPT FIELD RULES FOR THE PROPOSED APPLEBY, N. (ROD-TP CONS) FIELD, NACOGDOCHES AND RUSK COUNTIES, TEXAS**

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**HEARD BY:** Andres J. Trevino, P.E.

**DATE OF HEARING:** February 24, 2009

**APPEARANCES:**

Philip Whitworth  
Richard A. Johnston, P.E.

**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 consolidation of the Appleby, N. (Pettit), Appleby, N. (Rodessa), Appleby, N. (Rodessa, Upper) and Appleby, N. (Travis Peak) Fields into a new field to be known as the Appleby, N. (Rod-TP Cons) Field.

EOG Resources requests that the following rules be adopted for the consolidated field:

1. Designated interval from 6,480 to 9,926 feet as shown on the log of the Deloney "A" Well No. 1;
2. Well spacing a minimum of 467 feet from lease lines and 933 between-well spacing;
3. 640 acre unit density plus 10% tolerance with a maximum diagonal of 10,560 feet, optional 40 acre units with a maximum diagonal of 2,100 feet, no proration plats required while the allocation formula remains suspended;
4. Allocation based 95% acreage and 5% deliverability.

It is also proposed that the filing of proration unit plats not be required while the allocation formula remains suspended. The examiner recommends approval of the proposed rules.

### **DISCUSSION OF THE EVIDENCE**

The Appleby, N. (Rodessa, Upper) Field was discovered in 1990 at a depth of 6,841' subsurface depth. This non-associated field produces from the Upper Rodessa limestone. The field is governed by Statewide field rules. There are two operators in the field and 2 shut-in gas wells. The field has cumulative production of 59.9 MMCF of gas and 100 BC. There has been no production reported since 2002.

The Appleby, N. (Rodessa) Field was discovered in 1983 at a depth of 6,946' subsurface depth. This associated 49B field produces from the Rodessa limestone. The field is governed by Statewide field rules. There are two operators in the field with 3 gas wells and no oil wells. The field has cumulative production of 766.5 MMCF of gas and 4.5 MBC and .7 MBO.

The Appleby, N. (Pettit) Field was discovered in 1989 at a depth of 7,630' subsurface depth. This associated field produces from the Pettit limestone. The field is governed by Statewide field rules. There are five operators in the field with 94 gas wells and no oil wells. Of the 94 gas wells, 87 wells are commingled with the Appleby, N. (Travis Peak) Field. The field has cumulative production of 5,983.3 MMCF of gas and 65.1 MBC and 2.6 MBO. The allocation formula has been suspended since 1993.

The Appleby, N. (Travis Peak) Field was discovered in 1980 at a depth of 8,560' subsurface depth. This associated field produces from the Travis Peak sandstone. The field is governed by Special field rules. There are four operators in the field with 110 gas wells and 2 oil wells. The field has cumulative production of 59,092.5 MMCF of gas and 771.7 MBC and 6.1 MBO. The allocation formula has been suspended since 1997.

The fields proposed for consolidation overlap each other and currently production is being commingled with each other. The wells in the Appleby, N (Pettit) Field currently produce 2 MMCF of gas per month or an average of 220 MCFPD per well. The wells in the Appleby, N (Travis Peak) Field currently produce 820 MMCF of gas per month or an average of 245 MCFPD per well. The fields are in mid to late stages of production. There currently are 100 wells which have Rule 10 commingling exceptions approved. There has been no adverse effect caused by commingling the fields. By consolidating the fields into the Appleby, N. (Rod-TP Cons) Field, a well can be recompleted to produce in other productive zones within the interval without the need for future Rule 10 exceptions. This will remove the burden on operators and Commission staff of processing unnecessary Rule 10 exceptions.

The designated interval from 6,480 to 9,926 feet as shown on the log of the Deloney "A" Well No. 1 includes the Upper Rodessa, the Rodessa, the James Lime, the Pettit and the Travis Peak zones. The current low production rates from either field alone does not justify drilling a well just to produce from either zone alone. Consolidation will prevent waste by extending the economic life of all zones. Waste will be prevented by encouraging new drilling and recompletion of existing wells.

EOG requests the Appleby, N. (Rod-TP Cons) Field adopt field rules currently assigned to the Appleby, N. (Travis Peak) Field. The Appleby, N. (Travis Peak) Field is the prominent productive field of the four fields. The well density for the consolidated field will be 640 acre density with optional 40 acre units. The well spacing of 467'/933' (lease/line/between well) is standard well spacing for 40 acre optional units and is consistent with the majority of the current well completions.

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% acreage and 5% deliverability. This allocation formula is currently suspended for all fields and EOG requests continuation of this status. EOG additionally requests that the filing of proration plats not be required while the allocation formula remains suspended.

### **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 Appleby, N. (Rodessa, Upper) Field was discovered in 1990 at a depth of 6,841' subsurface depth.
  - a. The field is governed by Statewide field rules.
  - b. There are two operators in the field and two shut-in gas wells.
  - c. Cumulative production from the field is 59.9 MMCF of gas and 100 BC. There has been no production reported since 2002.
4. The Appleby, N. (Rodessa) Field was discovered in 1983 at a depth of 6,946' subsurface depth.
  - a. The field is governed by Statewide field rules.
  - b. There are two operators in the field and 3 gas wells.
  - c. Cumulative production from the field is 766.5 MMCF of gas and 4.5 MBC and .7 MBO.
5. The Appleby, N. (Pettit) Field was discovered in 1989 at a depth of 7,630' subsurface depth.
  - a. The field is governed by Statewide field rules.

- b. There are five operators in the field and 94 gas wells and no oil wells.
  - c. Cumulative production from the field is 5,983.3 MMCF of gas and 65.1 MBC and 2.6 MBO. The allocation formula has been suspended since 1993.
- 6. The Appleby, N. (Travis Peak) Field was discovered in 1980 at a depth of 8,560' subsurface depth.
  - a. The field is governed by Special field rules.
  - b. There are four operators in the field and 110 gas wells and 2 oil wells.
  - c. Cumulative production from the field is 59,092.5 MMCF of gas and 771.7 MBC and 6.1 MBO. The allocation formula has been suspended since 1997.
- 7. The designated interval from 6,480 to 9,926 feet as shown on the log of the Deloney "A" Well No. 1 includes the Upper Rodessa, the Rodessa, the James Lime, the Pettit and the Travis Peak zones.
- 8. There are over 100 Rule 10 commingling exceptions approved between the Appleby, N. (Rodessa) Field, Appleby, N.(Pettit) and the Appleby, N. (Travis Peak) Fields with out any adverse effects.
- 9. The proposed 640 acre density with optional 40 acre units and 467'/933' well spacing rules for the consolidated field are the same as the Appleby, N. (Travis Peak) Field, the predominant productive field.
- 10. The proposed field consolidation will remove the burden on operators and Commission staff of processing unnecessary Rule 10 exceptions.
- 11. Allocation based on 95% acreage and 5% deliverability is a reasonable allocation formula which satisfies statutory requirements.
- 12. Continuation of the administrative suspension of the allocation formula for the proposed field is appropriate as there was no protest to the continuation presented at this hearing and there is 100% market demand for gas in the field.

**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 of field rules, a determination of their effectiveness and appropriate actions is a matter within the Commission jurisdiction.
4. Consolidation of fields and adoption of the proposed field rules will prevent waste, foster conservation and protect correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of the field consolidation and field rules for the proposed Appleby, N. (Rod-TP Cons) Field and the suspension of the allocation formula.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Hearings Examiner

