

April 9, 2008

OIL AND GAS DOCKET NO. 04-0255992

APPLICATION OF EOG RESOURCES, INC. TO CONSIDER FIELD RULES FOR THE ROMA, EAST (5650) FIELD, STARR COUNTY, TEXAS

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

DATE OF HEARING: April 9, 2008

APPEARANCES:

Doug Dashiell
Mimi Winetroub

REPRESENTING:

EOG Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unopposed application of EOG Resources, Inc. for the Commission to consider amended field rules for the Roma, East (5650) Field as follows:

1. The entire combined correlative interval from 5,700' to 7,200' as shown on the Gamma Ray log of the EOG Resources, Jones Family Lease Well No. 2 (API No. 42-427-34209), Section 71, J. Salinas Survey, A-163, Starr County, Texas, should be designated as the Roma, East (5650) Field.

The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

The Roma, East (5650) was discovered in 1994 at a depth of 5,659 feet. There are currently 19 completed wells in the field, all except for one well are operated by EOG Resources. The majority of the development has occurred in the last two years. The field has a cumulative production of 5.4BCF of gas and 32,000 bbls of oil. The designated interval was expanded to 5,800' to 6,980' by Oil & Gas Docket No. 04-0247938, approved on August 8, 2006. EOG has drilled at least two wells below 7,000' that encountered an additional productive sand in the Reklaw sand series.

The entire combined correlative interval from 5,700' to 7,200' as shown on the Gamma Ray log of the EOG Resources, Jones Family Lease Well No. 2 (API No. 42-427-34209), Section 71, J. Salinas Survey, A-163, Starr County, Texas, should be designated as the Roma, East (5650) Field. The proposed interval includes an additional

productive sand sequence which is not commercially productive on its own that requires it to be produced simultaneously in order to acquire additional reserves that which otherwise would go unrecovered. Commingling allows the production of marginally productive zones that otherwise would be plugged or not considered for perforation. All the zones must be fracture stimulated to establish commercial production. It is estimated that an additional 20,000 MCF will be recovered per the combined intervals as the economic producing rate of each zone is effectively reduced. The additional cost to drill the additional 200 feet to get to the additional pay zone is less than 5% of the overall drilling cost.

The allocation formula should remain suspended as there is 100% market for all 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 Roma, East (5650) was discovered in 1994 at a depth of 5,659'.
 - a. The field is governed by Special Rules adopted by O&G Docket No. 04-0247938, approved on August 8, 2006.
 - b. There are 19 completed wells in the field. EOG Resources operates all wells except for Legend's Garcia-Gonzales GU No.1.
4. The entire expanded correlative interval from 5,700' to 7,200' as shown on the Gamma Ray log of the EOG Resources, Jones Family Lease Well No. 2 (API No. 42-427-34209), Section 71, J. Salinas Survey, A-163, Starr County, Texas, should be designated as the Roma, East (5650) Field.
5. The additional Reklaw pay zone found below 7,000' is not a commercial zone and must be commingled with the other Reklaw sands.
6. The allocation formula be suspended as there is a 100% market for all the produced gas.

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 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 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 proposed interval expansion and continued suspension of the allocation formula for the Roma, East (5650) Field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner
Office of General Counsel