

OIL AND GAS DOCKET NO. 04-0257707

THE APPLICATION OF EOG RESOURCES, INC. TO AMEND THE FIELD RULES FOR THE POK-A-DOT (8600) FIELD, ZAPATA AND WEBB COUNTIES, TEXAS

Heard by: Donna K. Chandler on July 17, 2008

Appearances:

Doug Dashiell
Mimi Winetroub

Representing:

EOG Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Pok-A-Dot (8600) Field were originally adopted on November 27, 1978 in Docket No. 4-70,547. The rules were amended in 1987 and the rules currently in effect for the field are summarized as follows:

1. 467'-1,200' well spacing;
2. 80 acre gas units with 10% tolerance; optional 40 acre units;
3. 100% acreage allocation.

EOG Resources, Inc. requests that the field rules be amended to eliminate the between-well spacing rule.

This application was unopposed and the examiner recommends that the field rules for the Pok-A-Dot (8600) Field be amended as proposed by EOG.

DISCUSSION OF THE EVIDENCE

The Pok-A-Dot (8600) Field was discovered in 1976 and is a non-associated gas field with 49 producing wells. EOG operates 42 wells in the field and has initiated a horizontal drilling program in the field.

The S. G. Marshall No. 31 is an existing vertical well in the field which has produced about 400 MMCF of gas in seven years. EOG completed the S. G. Marshall No. 32H about 1 ½ years ago and this well has already produced over 700 MMCF of gas. Portions of this horizontal well pass within 1,200 feet of the No. 31 well.

The S. G. Marshall No. 29 is an existing vertical well which as produced about 150 MMCF of gas in about eight years. The S. G. Marshall No. 34 H was completed about 1 year ago and has already produced over 600 MMCF of gas. Portions of the horizontal well pass within 1,200 feet of the No. 29 well.

EOG plans an additional 9 horizontal wellbores, all of which will come within 1,200 feet of existing vertical wellbores. Each horizontal well is expected to have an ultimate recovery of 1.85 BCF of gas. These reserves would not be recovered by the existing vertical wells. Elimination of the between well spacing rules will allow the wells to be drilled without the need for Rule 37 exceptions.

EOG requests no other changes to the field rules and requests that the allocation formula remain suspended.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. Field rules for the Pok-A-Dot (8600) Field provide for 467'-1,200' well spacing, 80 acre gas units, 40 acre optional units and 100% acreage allocation.
3. The Pok-A-Dot (8600) Field was discovered in 1976 and there are currently 49 producing gas wells in the field. The field is AOF status.
4. Recent horizontal wells are encountering reserves not producible by nearby vertical wells.
 - a. The S. G. Marshall No. 31 is an existing vertical well in the field which has produced about 400 MMCF of gas in seven years. The No. 32H is a new horizontal well which has already produced over 700 MMCF of gas. Portions of this horizontal well pass within 1,200 feet of the No. 31 well.
 - b. The S. G. Marshall No. 29 is an existing vertical well which as produced about 150 MMCF of gas in about eight years. The No. 34 H is a new horizontal well which has already produced over 600 MMCF of gas. Portions of the horizontal well pass within 1,200 feet of the No. 29 well.

- c. Each horizontal well is expected to have an ultimate recovery of 1.85 BCF of gas.
5. Amending the field rules for the Pok-A-Dot (8600) Field to eliminate the between-well spacing rule will provide flexibility in locating horizontal wells in close proximity to existing vertical wells.

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. Amending the field rules for the Pok-A-Dot (8600) Field to eliminate the between-well spacing rule will is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the field rules for the Pok-A-Dot (8600) Field be amended to eliminate the between-well spacing rule.

Respectfully submitted,

Donna K. Chandler
Technical Examiner