

THE APPLICATION OF EOG RESOURCES, INC. TO AMEND THE CONSOLIDATED INTERVAL IN THE NUECES BAY DEEP CONSOLIDATED FIELD, SAN PATRICIO COUNTY, TEXAS

Heard by: Donna K. Chandler on August 4, 2009

Appearances:

Doug Dashiell
Nathan Andrews

Representing:

EOG Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc. requests that the correlative interval for the Nueces Bay Deep Consolidated Field be expanded to include additional productive sands. The current designated interval for the field is from 9,590 feet TVD to 11,880 feet TVD as shown on the log of the State Tract 690/746 & 750 GU Well No. 2. EOG proposes that the field interval be defined as the correlative interval from 9,630 feet TVD to 12,350 feet as shown on the log of the State Tract 692 et al Unit Well No. 1.

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

DISCUSSION OF THE EVIDENCE

The Nueces Bay Deep Consolidated Field was discovered in January 1998 upon completion of the Nueces Bay S.T. 688 Lease No. 1. The field operates under Statewide Rules, with the exception of a designated interval and a two factor allocation formula based on 95% deliverability and 5% per well. The allocation formula is currently suspended.

The current designated interval for the field is from 9,590 feet TVD to 11,880 feet TVD as shown on the log of the State Tract 690/746&750 GU Well No. 1. This interval includes numerous Frio sands. The original designated interval for the field had been established in 1998 when the field was discovered and was a smaller interval.

There are currently seven completions in the field. All are directional wells operated by EOG, with bottomhole locations beneath Nueces Bay. Cumulative production from the field is approximately 8.9 BCF of gas and 500,000 BC. Current production is approximately 31 MMCFD and 1,300 BCPD. With the proposed expansion of the field interval, EOG plans to drill numerous additional wells to the field.

EOG Resources requests that the current field designation be expanded to include additional productive Frio sand intervals both above and below the current interval. The State Tract 692 et al Unit Well No. 1 is EOG's most recent well and was drilled deeper into the Frio, encountering additional productive Frio sands which are not within the current field interval. The proposed interval between 9,630 feet TVD and 12,350 feet TVD in this well includes approximately 20 productive Frio sands. EOG believes that many of these sands would not be economic as single completions. All of the sands within the proposed correlative interval are Frio sands with similar reservoir and fluid properties. Approval of the expanded interval will maximize recovery from the field.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing.
2. The Nueces Bay Deep Consolidated Field was discovered in January 1998 and operates under Statewide spacing and density rules.
3. There are currently seven producing wells in the field, all operated by EOG Resources, Inc. All are directional wells with bottomhole locations beneath Nueces Bay.
4. The current interval for the field is from 9,590 feet TVD to 11,880 feet TVD as shown on the log of the State Tract 690/746 & 750 GU No. 2.
5. Expansion of the correlative interval for the field to include additional productive Frio 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.
6. Expansion of the correlative interval for the field will not cause waste because the interval includes only Frio sands which have similar reservoir and fluid properties.
7. The Nueces Bay Deep Consolidated Field should be designated as the correlative interval from 9,630 feet TVD and 12,350 feet TVD as shown on the log of the State Tract 692 et al Unit Well No. 1. This interval includes the current interval for the Nueces Bay Deep Consolidated Field and additional productive Frio sands.

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. Expansion of the designated field interval 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 designated interval for the Nueces Bay Deep Consolidated Field be amended as proposed by EOG Resources, Inc.

Respectfully submitted,

Donna K. Chandler
Technical Examiner