

THE APPLICATION OF EOG RESOURCES, INC. TO AMEND FIELD RULE NO. 1 FOR THE T-C-B (LOWER VICKSBURG) FIELD, JIM WELLS AND KLEBERG COUNTIES, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner

HEARING DATE: January 14, 2011

APPEARANCES:

REPRESENTING:

APPLICANT:

Doug Dashiell
Kenneth Marbach

EOG Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the T-C-B (Lower Vicksburg) Field were originally adopted in Final Order No. 04-0202097, effective August 9, 1993, as amended. The Field Rules in effect for the field are summarized as follows:

1. Designated interval from 9,360 feet to 12,263 feet as shown on the log of the Sun Exploration and Production Company - A. T. Canales Lease, Well No. 58;
2. 467'-0' well spacing;
3. 80 acre gas units with optional 40 acre density;
4. Allocation based on 50% deliverability and 50% per well with AOF status.

EOG Resources, Inc. ("EOG") requests that Field Rule No. 1 be amended to provide for a designated interval from 10,000 feet to 12,815 feet as shown on the log of the EOG Resources, Inc. - Tijerina Lease, Well No. 801A. EOG also requests that the allocation formula remain suspended.

The application was unopposed and the examiner recommends that Field Rule No. 1 be amended for the T-C-B (Lower Vicksburg) Field, as proposed by EOG.

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DISCUSSION OF THE EVIDENCE

The T-C-B (Lower Vicksburg) Field was created by the consolidation of 54 fields in 1993. The field is classified as non-associated and there are 41 producing gas wells with three operators carried on the proration schedule. The allocation formula is currently suspended and the daily production is 7.5 MMCFG and 211 BO. Cumulative production from the field through October 2010 is 145.5 BCFG and 2.3 MMBO.

The T-C-B (Lower Vicksburg) Field is a retrograde condensate reservoir that has pressure depletion as the primary drive mechanism. The total Lower Vicksburg section comprises almost 3,000 feet of interbedded sandstones and shales. The numerous sandstone reservoirs generally have small areal extents and the consolidated field was formed to allow additional recovery from older reservoirs and encourage the completion of smaller ones that would not otherwise be produced.

EOG is drilling infill wells on a farmout from Exxon Mobil Corporation and proposes that the correlative interval be expanded to include the entire section of the Lower Vicksburg. EOG requests that the field be defined as the correlative interval from 10,000 feet to 12,815 feet as shown on the log of the EOG Resources, Inc. - King Ranch Tijerina Lease, Well No. 801A (API No. 42-273-32527), Section 338, A. Cadena Survey, A-40, Kleberg County, Texas. This interval includes all of the Lower Vicksburg down to the top of the Jackson Shale.

EOG also requests that the allocation formula remain 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 given to all persons entitled to notice and no protests were received.
2. The T-C-B (Lower Vicksburg) Field was created by the consolidation of 54 fields in 1993. The field is classified as non-associated and there are 41 producing gas wells with three operators carried on the proration schedule.
3. The T-C-B (Lower Vicksburg) Field has a designated interval from 9,360 feet to 12,263 feet as shown on the log of the Sun Exploration and Production Company - A. T. Canales Lease, Well No. 58.
4. The total Lower Vicksburg section comprises almost 3,000 feet of interbedded sandstones and shales.
5. EOG is drilling infill wells on a farmout from Exxon Mobil Corporation and

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proposes that the correlative interval be expanded to include the entire section of the Lower Vicksburg.

6. The T-C-B (Lower Vicksburg) Field should be defined as the correlative interval from 10,000 feet to 12,815 feet as shown on the log of the EOG Resources, Inc. - King Ranch Tijerina Lease, Well No. 801A. This interval includes all of the Lower Vicksburg down to the top of the Jackson Shale.
7. 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 was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Amending Field Rule No. 1 for the T-C-B (Lower Vicksburg) Field will prevent waste, protect correlative rights and promote further development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends amending Field Rule No. 1 for the T-C-B (Lower Vicksburg) Field, as requested by EOG Resources, Inc.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner