

**OIL AND GAS DOCKET NO. 04-0268523**

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**THE APPLICATION OF EOG RESOURCES, INC. TO AMEND FIELD RULE NO. 2 FOR THE MIDWAY, SOUTH (CONSOLIDATED) FIELD, SAN PATRICIO COUNTY, TEXAS**

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**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 Midway, South (Consolidated) Field were originally adopted in Final Order No. 04-0250221, effective March 6, 2007. The Field Rules in effect for the field are summarized as follows:

1. Designated interval from 10,700 to 14,300 feet as shown on the log of the Edwin L. Cox - H. Schmidt Lease, Well No. 1;
2. 467'-1,200' well spacing;
3. 40 acre density plus 10% tolerance;
4. Allocation based on 5% per well and 95% deliverability with AOF status.

EOG Resources, Inc. ("EOG") requests that Field Rule No. 2 be amended to provide for 467' leaseline spacing with no minimum between well spacing. EOG also requests that the allocation formula remain suspended.

The application was unopposed and the examiner recommends that Field Rule No. 2 be amended for the Midway, South (Consolidated) Field, as proposed by EOG.

**DISCUSSION OF THE EVIDENCE**

The Midway, South (Consolidated) Field was created by the consolidation of five

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Frio Sand fields in March 2007. The field is classified as non-associated and there are 33 producing gas wells and four operators carried on the proration schedule. The allocation formula is currently suspended and the daily production is 7.1 MMCFG and 410 BO. Cumulative production from the field through October 2010 is 112.4 BCFG and 4.5 MMBO.

The Midway, South (Consolidated) Field is a retrograde condensate reservoir that has pressure depletion as the primary drive mechanism. The Frio section comprises over 3,500 feet of interbedded sandstones and shales. This interval includes numerous Frio Sands in which separate completions would not be economically feasible. As a result of commingling the various Frio Sands, EOG believes that additional gas will be recovered based on a lower combined economic limit.

EOG is proposing to drill horizontal wells and requests no between well spacing in order to promote the efficient and effective development of the remaining hydrocarbons. Since there are many existing vertical wells in the field, EOG argues that the proposed spacing is necessary to allow drilling of horizontal wells which may have to be drilled near existing vertical wells in order to develop the individual Frio Sands. EOG identified six Statewide Rule 37 exceptions granted by the Commission that would have been unnecessary if the field rules had previously provided for a no between well spacing provision.

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 Midway, South (Consolidated) Field was created by the consolidation of five Frio Sand fields in March 2007.
3. The Midway, South (Consolidated) Field is classified as non-associated and there are 33 producing gas wells and four operators carried on the proration schedule.
4. The Frio section comprises over 3,500 feet of interbedded sandstones and shales. This interval includes numerous Frio Sands in which separate completions would not be economically feasible.
5. The Midway, South (Consolidated) Field is actively being developed with horizontal drainhole wells.

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6. Field Rules that provide for no between well spacing will provide consistency in developing the field and will allow greater flexibility in selecting future drilling locations.
7. Since there are many existing vertical wells in the field, the proposed spacing is necessary to allow drilling of horizontal wells which may have to be drilled near existing vertical wells in order to develop the individual Frio Sands.
8. 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. 2 for the Midway, South (Consolidated) 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. 2 for the Midway, South (Consolidated) Field, as requested by EOG Resources, Inc.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner