OIL AND GAS DOCKET NO. 7C-0224603

THE APPLICATION OF EOG RESOURCES, INC., FOR TEMPORARY FIELD RULES IN THE BUCK TRAP, NORTH (WOLFCAMP) FIELD, UPTON COUNTY, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: April 13, 2000 Hearing held: June 14, 2000

Appearances

Richard A. Johnston

Representing EOG Resources

EXAMINER'S REPORT AND RECOMMENDATION STATEMENT OF THE CASE

EOG Resources is seeking the following temporary field rules:

- 1. Designated interval from 9300 to 9602 feet as shown on the log of the Enron Mcgill '49' Well No. 1;
- 2. 660-1320 feet well spacing;
- 3. 160 acre proration units with 40 acre tolerance for the last well on a lease, and a maximum diagonal of 4500 feet; and
- 4. allocation based on acreage.

At the hearing the examiner suggested that the proposed rules be made permanent as the discovery well has already produced almost half of its forcasted ultimate recovery and no additional wells are likely.

DISCUSSION OF THE EVIDENCE

The Buck Trap, North (Wolfcamp) Field was discovered in 1998, with the completion of the Enron Oil & Gas McGill '49' Lease Well No. 1. This well was originally placed in the Amacker-Tippett, SW (Wolfcamp) Field and EOG is requesting the same rules for the Buck Trap, North (Wolfcamp) Field.

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The McGill '49' Lease Well No. 1 was perforated from 9308 to 9539 feet in a thick, but areally limited, block or debris pile within the surrounding Wolfcamp deposits. The Wolfcamp is about 400 feet thick in the discovery well while nearby wells have less than 300 feet of Wolfcamp section. The gross reservoir interval is shown between 9300 and 9602 feet on the log of the discovery well, but the net pay is estimated to be 132 feet. Based on seismic evidence, the feature covers only 177 acres and no other wells will be necessary to drain it.

The initial daily potential of the discovery well was 559 barrels and 347 MCF. Production increased early in 2000 with the adoption of an MER of 1250 barrels per day. Cumulative production since 1998, has been 281,740 barrels. Based on a decline curve, the discovery well will ultimately recover 607,820 barrels of oil and 1,216 MMCF of gas.

The porosity is 8%, water saturation is 20% and there are 11,628 acre-feet productive in this field. The recovery factor is assumed to be 15% because of the solution gas drive. Based on these parameters there are 582,800 barrels of recoverable oil in this structural feature.

FINDINGS OF FACT

- 1. Notice of this hearing was given to the applicant and to offset interest owners on May 18, 2000.
- 2. The discovery well was perforated between 9308 and 9539 feet and had an initial potential of 559 barrels of oil and 347 MCF per day.
- 3. The discovery well, the Enron Oil & Gas McGill '49' Lease Well No. 1, has produced 281,740 barrels of oil since 1998.
- 4. The existing well is expected to drain the entire 177 acre structure and no additional wells will be drilled to this field.
- 5. Permanent rules prescribing 160-acre oil proration units are appropriate.
 - a. The proposed rules are the same as in the nearby Amacker-Tippett, SW (Wolfcamp) Field.
 - b. The discovery well is expected to eventually recover 607,820 barrels of oil.
 - c. Volumetric calculations indicate that there are 585,800 barrels of recoverable oil in this reservoir.
 - d. The discovery well has already produced almost half of the recoverable reserves in the reservoir.
- 7. The productive Wolfcamp section in this reservoir is shown between 9300 to 9602 feet on

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the log of the discovery well, the Enron McGill '40' Lease Well No. 1.

8. Allocation based on acreage will protect correlative rights

CONCLUSIONS OF LAW

- 1. Proper notice was given as required by statute.
- 2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
- 3. The requested field rules will prevent waste, protect correlative rights within the field, and promote orderly development of the reservoir.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the requested field rules for the Buck Trap, North (Wolfcamp) Field be approved on a permanent basis.

Respectfully submitted,

Margaret Allen Technical Hearings Examiner

Date of Commission Action: July 11, 2000

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Exhibits

- 1. Proration schedule
- 2. Form P-7
- 3. Forms W-2
- 4. Type log
- 5. Isopach of gross interval
- 6. Isopach of net
- 7. Volumetric calculations
- 8. Calculation of recovery
- 9. Proposed rules