

THE APPLICATION OF EOG RESOURCES, INC. TO ADOPT TEMPORARY FIELD RULES FOR THE COACHWHIP (BEND CONGLOMERATE) FIELD, UPTON COUNTY, TEXAS

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

DATE OF HEARING: April 12, 2010

APPEARANCES:

REPRESENTING:

APPLICANT:

Rick Johnston

EOG Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc. ("EOG") requests that the following temporary Field Rules be adopted for the Coachwhip (Bend Conglomerate) Field:

1. Designation of the field as the correlative interval from 8,808 feet to 9,015 feet as shown on the log of the EOG Resources, Inc. - Bloxom 47 Lease, Well No. 1, (API No. 42-461-36270), D&SE RR Co. Survey, A-130, Upton County, Texas;
2. 1,320'-1,867' well spacing;
3. 320 acre gas units with a 10% tolerance;
4. Allocation based on 100% acres.

EOG also requests that the allocation formula be suspended and all over-production on the Bloxom 47 Lease, Well No. 1, be canceled.

At the hearing, EOG discovered two returned notice envelopes and was required to re-notice the two affected parties. There were no protests to this application and the examiner recommends approval of the temporary Field Rules for the Coachwhip (Bend Conglomerate) Field subject to review in 18 months and cancellation of the over-production.

OIL AND GAS DOCKET NO. 7C-0265016

DISCUSSION OF EVIDENCE

The Coachwhip (Bend Conglomerate) Field was discovered in August 2009 at a depth of 8,800 feet. The field is classified as non-associated and operates under Statewide Rules. EOG is the only operator in the field and has two producing wells listed on the proration schedule. Cumulative production from the field through May 2010 is 1.5 BCFG and 54.9 MBC.

There is currently no defined field interval for the field. EOG requests that the field be defined as the correlative interval from 8,808 feet to 9,015 feet as shown on the log of the EOG Resources, Inc. - Bloxom 47 Lease, Well No. 1, (API No. 42-461-36270), D&SE RR Co. Survey, A-130, Upton County, Texas.

The Coachwhip (Bend Conglomerate) Field was discovered based on 3-D seismic data, which shows several structural features in the area. The feature that is currently developed contains approximately 640 acres. EOG believes that the two producing wells will deplete the developed feature and is planning additional development of the remaining structural features. EOG requests that Field Rules be adopted for the field which provide for 1,320'-1,867' well spacing and 320 acre density. EOG recommends that the Field Rules be temporary with a review in 18 months.

EOG also requests that the allocation formula be based on 100% acres and that the allocation formula be suspended, as there is a market for 100% of the gas produced. The Bloxom 47 Lease, Well No. 1, is currently over-produced by 229.9 MMCFG and EOG requests that the over-production be canceled.

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. The Coachwhip (Bend Conglomerate) Field was discovered in August 2009 at a depth of 8,800 feet.
3. The field is classified as non-associated and operates under Statewide Rules. EOG is the only operator in the field and has two producing wells listed on the proration schedule.
4. The entire correlative interval from 8,808 feet to 9,015 feet as shown on the log of the EOG Resources, Inc. - Bloxom 47 Lease, Well No. 1, (API No. 42-461-36270), D&SE RR Co. Survey, A-130, Upton County, Texas, should be designated as the Coachwhip (Bend Conglomerate) Field.
5. The Coachwhip (Bend Conglomerate) Field was discovered based on 3-D seismic data, which shows several structural features in the area. The feature

OIL AND GAS DOCKET NO. 7C-0265016

that is currently developed contains approximately 640 acres.

6. EOG believes that the two producing wells will deplete the developed feature and is planning additional development of the remaining structural features.
7. Temporary Field Rules which provide for 1,320'-1,867' well spacing and 320 acre density with a review in 18 months are appropriate.
8. Allocation based on 100% acres is a reasonable formula which will protect correlative rights and meet statutory requirements. Suspending the allocation formula is appropriate, as there is a 100% market for all the gas produced.
9. The Bloxom 47 Lease, Well No. 1, is currently over-produced by 229.9 MMCFG.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Adoption of temporary Field Rules for the Coachwhip (Bend Conglomerate) Field will prevent waste and protect correlative rights.
4. Cancellation of overproduction for the Bloxom 47 Lease, Well No. 1, will not harm correlative rights or cause waste.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends adoption of temporary Field Rules for the Coachwhip (Bend Conglomerate) Field subject to review in 18 months and cancellation of the over-production, as requested by EOG Resources, Inc.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner