



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 04-0284510

THE APPLICATION OF EOG RESOURCES, INC. TO CONSIDER A MER ALLOWABLE FOR EACH WELL IN THE TARTAN (YEGUA) FIELD, ZAPATA COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Laura Miles-Valdez - Legal Examiner

HEARING DATE: October 11, 2013

APPEARANCES: **REPRESENTING:**

APPLICANT:

Doug J. Dashiell
Kenneth Marbach

EOG Resources, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc. ("EOG") requests approval of a MER oil allowable of 50 barrels of oil per day for each well in the Tartan (Yegua) Field, Zapata County, Texas. EOG also requests that all over-production in the field be canceled.

The application is unopposed and the examiners recommend approval of the requested MER oil allowable for each well and cancellation of all over-production in the Tartan (Yegua) Field.

DISCUSSION OF EVIDENCE

The Tartan (Yegua) Field was discovered in August 2012 at an average depth of 1,200 feet. There are two producing oil wells carried on the oil proration schedule. EOG is the only operator in the field and has recently completed a third producing oil well. The field operates under Field Rules that provide for 330'-660' well spacing, 10 acre density and allocation based on 100% acres. The top oil allowable in the field is the 1965 Yardstick Allowable of 21 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel. Cumulative production from the field through October 3, 2013, is 8.2 MBO. There is no casinghead gas produced from this field.

EOG has drilled and completed three wells in the Tartan (Yegua) Field on its 14,512 acre Slator Ranch Lease and is planning on drilling additional development wells. The field produces from shallow Yegua formation sands and the primary drive mechanism is a water drive.

The recently drilled, Slator Ranch Lease, Well No. 4AL, is a pumping oil well with an average water cut of 58%. EOG tested the well during September and October 2013 and the well produced at oil rates up to 50 barrels of oil per day. Since the reservoir produces under a water drive mechanism, EOG believes that oil will be swept past the producing wells if the production rate is curtailed. EOG does not want to allow the water drive to encroach on the oil column and opined that producing the wells at rates up to 50 barrels of oil per day is necessary to effectively and efficiently recover the remaining oil reserves that are available to each well.

Based on the testing results, EOG requests a MER allowable of 50 barrels of oil per day for each well in the field. Due to producing the wells at rates in excess of the current allowable, the producing wells are over-produced. EOG also requests that all over-production in the Tartan (Yegua) Field be canceled.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten (10) days prior to the date of the hearing and no protests were received.
2. The Tartan (Yegua) Field was discovered in August 2012 at an average depth of 1,200 feet.
 - a. There are two producing oil wells carried on the oil proration schedule.
 - b. EOG Resources, Inc. ("EOG") is the only operator in the field and has recently completed a third producing oil well.
 - c. The field operates under Field Rules that provide for 330'-660' well spacing, 10 acre density and allocation based on 100% acres.
 - d. The top oil allowable in the field is the 1965 Yardstick Allowable of 21 BOPD with an allowable gas-oil ratio of 2,000 cubic feet per barrel.
3. A MER oil allowable of 50 barrels of oil per day for each well in the Tartan (Yegua) Field is appropriate.
 - a. EOG has drilled and completed three wells in the Tartan (Yegua) Field on its 14,512 acre Slator Ranch Lease and is planning on drilling additional development wells.


- b. The field produces from shallow Yegua formation sands and the primary drive mechanism is a water drive.
 - c. The recently drilled, Slator Ranch Lease, Well No. 4AL, is a pumping oil well with an average water cut of 58%.
 - d. EOG tested the well during September and October 2013 and the well produced at oil rates up to 50 barrels of oil per day.
 - e. Since the reservoir produces under a water drive mechanism, oil will be swept past the producing wells if the production rate is curtailed.
 - f. EOG does not want to allow the water drive to encroach on the oil column.
 - g. Producing each well in the field at rates up to 50 BOPD is necessary to effectively and efficiently recover the remaining oil reserves that are available to each well.
4. Due to producing the wells at rates in excess of the current allowable, the producing wells are over-produced.

CONCLUSIONS OF LAW

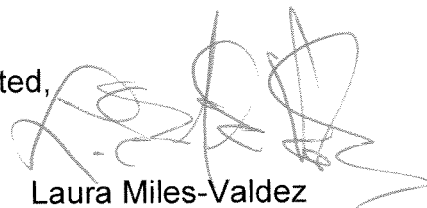
- 1. Notice of this hearing was given as specified in the provisions of all regulatory codes.
- 2. All things have occurred or been accomplished to give the Commission jurisdiction in this matter.
- 3. Approval of a top MER oil allowable of 50 BOPD for each well in the Tartan (Yegua) Field and cancellation of all over-production in the field will prevent waste, will not harm correlative rights and will promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve a top MER oil allowable of 50 BOPD for each well in the Tartan (Yegua) Field and cancel all over-production in the field, as requested by EOG Resources, Inc.


Richard D. Atkins, P.E.
Technical Examiner

Respectfully submitted,


Laura Miles-Valdez
Legal Examiner