



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

October 3, 2007

OIL AND GAS DOCKET NO. 10-0253069

APPLICATION OF EOG RESOURCES, INC. TO CONSIDER AN INCREASED NET GOR AUTHORITY FOR THE PRICE TRUST 604 LEASE WELL NO. 1H, WOLFCREEK (ATOKA) FIELD, LIPSCOMB COUNTY, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: September 27, 2007

APPEARANCES:

John Soule, attorney

Rick Johnston

REPRESENTING:

EOG Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the untested application of EOG Resources, Inc. for a net gas-oil ratio (GOR) which increases the permitted gas limit to 1,200 MCFD for the Price Trust 604 Lease Well No. 1H. EOG Resources also requests that all overproduction be canceled for its Price Trust 604 Lease (RRC Lease No. 07736). The examiner recommends approval.

DISCUSSION OF THE EVIDENCE

The Wolfcreek (Atoka) Field was discovered in 1979 at 9,107' subsurface depth. The field operates pursuant to Statewide Rules and the top allowable for a well in the field is 157 BOPD and a casinghead gas limit of 314 MCFD. EOG Resources is the only operator in the field with one well.

The EOG Resources, Price Trust 604 Lease Well No. 1H was completed March 3, 2007 through perforations from 9,660' - 11,440' MD (9,185' - 9,152' TVD). The well potentialized at 128 BOPD, 2092 MCFD and 63 BWPD. The GOR was 16,343:1 flowing on a 28/64ths choke. The oil gravity is 50 °API. The initial flowing tubing pressure was 313 psi (casing pressure was 963 psi). The penalized oil allowable is 19 BOPD.

A net GOR resulting in a gas limit of 1200 MCFD is appropriate. The testing shows that the well is rate sensitive. The well was tested with the following results:

CHOKE (64ths)	OIL (BOPD)	GAS (MCFD)	GOR	FTP (PSI)	WTR (BPD)
64	44	1122	25491	278	1
32	37	928	25366	485	1
24	25	878	35526	485	1*
18	The well loaded up and died.				

* The well was tested for 8 days. For five days the well produced no water and unloaded 8 barrels on the sixth day.

The well cannot be produced at a casinghead gas limit of 314 MCFD. The highest daily gas production during the testing was 1170 MCFD.

Cancellation of the over production will not harm correlative rights as this is the only well in the field.

FINDINGS OF FACT

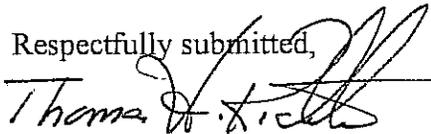
1. Notice of this application was given to all person entitled to notice at least ten (10) days prior to the hearing.
2. There was no protest of the application.
3. The Wolfcreek (Atoka) Field was discovered in 1979 at 9,107' subsurface depth.
 - a. The field operates pursuant to Statewide Rules and the top allowable for a well in the field is 157 BOPD and a casinghead gas limit of 314 MCFD.
 - b. EOG Resources is the only operator in the field with one well.
4. The EOG Resources, Price Trust 604 Lease Well No. 1H was completed March 3, 2007 through perforations from 9,660' - 11,440' MD (9,185' - 9,152' TVD). The well potentialed at 128 BOPD, 2092 MCFD and 63 BWPD.
5. A net GOR resulting in a gas limit of 1200 MCFD is appropriate. The testing shows that the well is rate sensitive.
6. Cancellation of the over production of the Price Trust 604 Lease (RRC Lease No. 07736) will not harm correlative rights.

CONCLUSIONS OF LAW

1. Notice of this hearing was provided in accordance with all applicable regulatory statutes and rules.
2. All things have occurred or been accomplished to afford the Commission the jurisdiction to consider and decide this matter.
3. Consideration and approval of this application for a gas-oil ratio which results in a casinghead gas limit of 1200 MCFD is a matter properly within the jurisdiction of the Commission to foster conservation and prevent waste.
4. Approval of the proposed application of EOG Resources for a net gas-oil ratio which increases the permitted GOR to a gas limit of 1200 MCFD will foster conservation and prevent waste.
5. Cancellation of overproduction will not harm correlative rights.

EXAMINER'S RECOMMENDATION

It is recommended that the application of EOG Resources for a net gas-oil ratio which increases the permitted GOR to a gas limit of 1200 MCFD for the Price Trust 604 Well No. 1H be approved. It is further recommended that all overproduction for the Price Trust 604 Lease (RRC Lease No. 07736) be canceled.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel