



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 04-0287410

THE APPLICATION OF EOG RESOURCES, INC. TO CONSOLIDATE MULTIPLE FIELDS INTO THE PROPOSED TORDILLA (SHALLOW CONS.) FIELD AND TO ADOPT FIELD RULES FOR THE PROPOSED TORDILLA (SHALLOW CONS.) FIELD, WILLACY AND KENEDY COUNTIES, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Laura Miles-Valdez – Hearings Examiner

HEARING DATE: March 21, 2014

APPLICANT:

Doug Dashiell
Gary Travis

REPRESENTING:

EOG Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc. (EOG) requests that 24 Tordilla Fields in the Frio Formation be consolidated into the Tordilla (Shallow Cons.) Field, in Willacy and Kenedy Counties, Texas. EOG further requests that field rules be adopted for the consolidated field, including a correlative interval, 467/1,200-ft spacing, 40-acre density, and a two-factor allocation formula. This application was not protested and the examiners recommend approval of EOG's request for field consolidation and adoption of field rules.

DISCUSSION OF THE EVIDENCE

EOG seeks to consolidate 24 non-associated Tordilla gas fields the Frio Formation in Willacy and Kenedy Counties into a new consolidated field named the Tordilla (Shallow Cons.) Field. Consolidating these fields and establishing field rules will enable efficiencies in the late stage development of the consolidated field, reducing waste and protecting correlative rights. The 24 fields, which are zones in the Frio Formation, are listed below:

Fields to Be Consolidated

Field	Field No.
Tordilla (H-70)	90753 285
Tordilla(H-78, S)	90753 300
Tordilla (I-04)	90753 330
Tordilla (I-24)	90753 358
Tordilla (I-31)	90753 375
Tordilla (I-47, S)	90753 385
Tordilla (I-67, N)	90753 395
Tordilla (I-67, S)	90753 400
Tordilla (I-71)	90753 425
Tordilla (I-95)	90753 450
Tordilla (J-27)	90753 585
Tordilla (J-34)	90753 592
Tordilla (J-42)	90753 600
Tordilla (J-48)	90753 750
Tordilla (J-55)	90753 755
Tordilla (J-58)	90753 758
Tordilla (J-66)	90753 770
Tordilla (J-75)	90753 780
Tordilla (J-78)	90753 783
Tordilla, SW (I-26)	90760 200
Tordilla, SW (J-03)	90760 230
Tordilla, SW (J-10)	90760 237
Tordilla-NC (I-75)	90763 121
Tordilla-NC (I-88)	90763 134

About 59 total wells have been completed in the various fields. Currently there are no (0) active wells on the proration schedule. EOG has completed one well in field, but it is not yet on schedule. These fields produce from various gas condensate reservoir intervals in the Frio Formation. Current daily gas production is 1.9 MMCFD. The fields were discovered from 1974 to 1999 and are found in depth intervals from 7,656 to 9,822 feet below ground surface. Cumulative gas production is about 49.3 BCF. The trapping mechanisms for the various fields are structural fault traps and stratigraphic features. Reservoir energy is provided by solution gas and water drive mechanisms. The fields are in late stages of development. Many of the wells produce from more than one productive field interval by down-hole commingling. Fracture stimulation is necessary for well completion. Gas gravity ranges from 0.58 to 0.73 and the API gravity ranges from 43° to 76°.

EOG seeks to establish a correlative interval for the consolidated field to be that

interval occurring between depths of 7,760 feet to 10,220 feet as shown on the Gearhart Dual Induction Laterolog Log of the Exxon Company, USA, Kleberg, R.J., Jr. Tr. Stillman #74 well (API No. 42-489-30840). Consolidating the fields into one correlative interval will eliminate the need for operators to file exceptions to Statewide Rule 10 for down-hole commingling.

EOG also requests that field density provisions be established at 40 acres, with corresponding spacing requirements of 467 feet lease line and 1,200 between wells completed on the same lease in the same field. These are statewide rules. Finally, EOG requests that a two-factor allocation formula be established for the field in accordance with the Texas Natural Resources Code; wells completed in the field may produce from multiple lenticular reservoir intervals. The two-factor allocation should be based on 95% deliverability and 5% per well.

The examiners recommend that the fields be consolidated and that field rules proposed by EOG be adopted for the consolidated field.

FINDINGS OF FACT

1. Notice of this hearing was sent to all persons legally entitled to notice at least ten days prior to the date of hearing.
2. The subject 24 Tordilla fields produce from the Frio Formation at depths of 7,656 feet to 9,822 feet below ground surface.
3. About 59 total wells have been completed in the various fields.
4. Currently there are no (0) wells on the proration schedule; EOG has completed one well, which is producing but not yet on schedule.
5. These fields to be consolidated have produced from various gas condensate reservoir intervals in the Frio Formation.
6. Current daily gas production is 1.9 MMCFD, and cumulative gas production is about 49.3 BCF.
7. The trapping mechanisms for the various fields are structural fault traps and stratigraphic features, and reservoir energy is provided by solution gas and water drive.
8. The fields are in late stages of development.
9. Many of the wells produce from more than one productive field interval by down-hole commingling.

10. The correlative interval for the consolidated field between depths of 7,760 feet to 10,220 feet as shown on the Gearhart Dual Induction Laterolog Log of the Exxon Company, USA, Kleberg, R.J., Jr. Tr. Stillman #74 well (API No. 42-489-30840). is appropriate.
11. The new field rules will include Statewide spacing and density requirements.
12. A two-factor allocation formula is required under the Texas Natural Resources Code.
13. Consolidating the fields will promote the orderly development of the consolidated field by avoiding the need for Rule 10 exceptions and to simplify field administration.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Consolidation of the fields as proposed by EOG Resources, Inc. will promote the orderly development of the field, reduce waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiners recommend that the the 24 subject Tordilla Fields be consolidated into the Tordilla (Shallow Cons.) Field in Willacy and Kenedy Counties, Texas, as requested by EOG.

Respectfully submitted,



Paul Dubois
Technical Examiner



Laura Miles-Valdez
Hearings Examiner