

THE APPLICATION OF EOG RESOURCES, INC. TO RENUMBER AND AMEND THE FIELD RULES FOR THE WHITE POINT, EAST (CONSOLIDATED) FIELD, SAN PATRICIO COUNTY, TEXAS

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

HEARING DATE: April 25, 2012

APPEARANCES: **REPRESENTING:**

APPLICANT:

Doug J. Dashiell EOG Resources, Inc.
Kenneth D. Marbach

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the White Point, East (Consolidated) Field were originally adopted in Final Order No. 04-0247333, effective June 20, 2006. The Field Rules in effect for the field are summarized as follows:

1. Designated correlative interval from 10,490 feet to 13,100 feet as shown on the log of the EOG Resources, Inc. - State Tract D GU, Well No. 1 (API No. 42-409-32754);
2. Allocation based on 95% deliverability and 5% per well with AOF status.

EOG Resources, Inc. ("EOG") requests that the Field Rules be renumbered and amended to provide for 467' leaseline spacing with no minimum between well spacing. EOG also requests that the allocation formula remain suspended.

The application is unopposed and the examiners recommend that the Field Rules be renumbered and amended for the White Point, East (Consolidated) Field, as proposed by EOG.

DISCUSSION OF THE EVIDENCE

The White Point, East (Consolidated) Field was created in June 2006 by the consolidation of eighteen Frio Sand fields. The field has an average depth of 10,500 feet and is classified as associated. There are 25 producing gas wells, one shut-in oil well and four operators carried on the proration schedules. The allocation formula is currently suspended. Cumulative production from the field through January 2012 is 159.9 BCFG and 3.1 MMBO.

The White Point, East (Consolidated) Field is a retrograde condensate reservoir that has pressure depletion as the primary drive mechanism. The Frio section comprises over 2,600 feet of interbedded sandstones and shales. This interval includes numerous Frio Sands in which separate completions would not be economically feasible. As a result of commingling the various Frio Sands, EOG believes that additional gas will be recovered based on a lower combined economic limit.

EOG is proposing to drill additional infill wells and requests a spacing rule that requires 467' leaseline and no between well spacing. Since there are limited surface locations, EOG argues that the proposed spacing is necessary to allow drilling of directional wells which may have to be placed very near each other in order to develop the individual Frio Sands. EOG also requests that the allocation formula remain suspended, as there is a 100% market demand for all of the gas produced from the field.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The White Point, East (Consolidated) Field was created in June 2006 by the consolidation of eighteen Frio Sand fields.
 - a. The field has an average depth of 10,500 feet and is classified as associated.
 - b. There are 25 producing gas wells, one shut-in oil well and four operators carried on the proration schedules.
 - c. The allocation formula is currently suspended.
3. The Frio section comprises over 2,600 feet of interbedded sandstones and shales. This interval includes numerous Frio Sands in which separate completions would not be economically feasible.

4. The White Point, East (Consolidated) Field is actively being developed with directional wells.
5. Field Rules that provide for 467' leaseline spacing and no between well spacing will provide consistency in developing the field and will allow greater flexibility in selecting future drilling locations.
6. Since there are limited surface locations, the proposed spacing is necessary to allow drilling of directional wells which may have to be placed very near each other in order to develop the individual Frio Sands.
7. Suspension of the allocation formula is appropriate, as there is a 100% market demand for all of the gas produced from the field.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Renumbering and amending the Field Rules for the White Point, East (Consolidated) Field will prevent waste, protect correlative rights and promote further development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission renumber and amend the Field Rules for the White Point, East (Consolidated) Field, as requested by EOG Resources, Inc.

Respectfully submitted,

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Technical Examiner

Michael Crnich
Legal Examiner