



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0293127

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**THE APPLICATION OF CABOT OIL & GAS CORPORATION FOR A BLANKET EXCEPTION TO STATEWIDE RULE 10 RELATING TO PRODUCTION OF OIL AND GAS FROM DIFFERENT STRATA FOR THE AMMANN (BUDA) AND EAGLEVILLE (EAGLE FORD-1) FIELDS IN ATASCOSA, DIMMIT, FRIO, LA SALLE, MCMULLEN AND ZAVALA, TEXAS**

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**HEARD BY:** Paul Dubois – Technical Examiner  
Terry Johnson – Hearings Examiner

**HEARING DATE:** November 19, 2014

**APPEARANCES:**

Flip Whitworth  
Dale Miller

**REPRESENTING:**

Cabot Oil & Gas Corporation

### EXAMINER'S REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Cabot Oil & Gas Corporation (Cabot) seeks an exception to Statewide Rule 10 (16 Tex. Admin. Code § 3.10) providing blanket authority to downhole commingle hydrocarbon fluids from wells completed in the Eagleville (Eagle Ford-1) and Ammann (Buda) Fields in Atascosa, Dimmit, Frio, La Salle, McMullen and Zavala Counties, Texas.

During the November 19, 2014, hearing, the Examiners expressed concern that other potentially affected operators of wells completed in the Buda Formation in the subject counties might be entitled to notice. At the request of the Examiners, on December 8, 2014, Cabot late-filed a tabulation of all Buda Formation oil and gas fields contained within the area currently developed with wells completed in the Eagleville (Eagle Ford-1) Field. Cabot also requested that the proposed blanket exception not apply to Gonzales and Wilson Counties. On February 11, 2015, the Examiners notified all operators of wells in the fields identified by Cabot of the matter and provided them the opportunity to participate. No protests were received.

The Examiners recommend that Cabot's application to provide a blanket exception to Statewide Rule 10 for wells completed in the Eagleville (Eagle Ford-1) and Ammann (Buda) Fields in Atascosa, Dimmit, Frio, La Salle, McMullen and Zavala Counties, Texas, be granted.

### **DISCUSSION OF EVIDENCE**

Cabot and other operators are developing hydrocarbon resources in the Eagle Ford Formation of South Texas. Often, the targeted Eagle Ford zone is in the lower part of the formation. The Eagle Ford is faulted and steeply dipping in the area. The Eagle Ford Formation is directly underlain by the Buda Formation. On occasion, a horizontal wellbore may drift into the adjacent Buda Formation. The geologic contact between the Eagle Ford and Buda Formations exhibits an easily discernable gamma ray response on a well log as the tool crosses from the shaly Eagle Ford to the clean Buda limestone.

Cabot provided evidence for four of its wells that had inadvertently penetrated the Buda Formation, which is outside of the correlative interval for the Eagleville (Eagle Ford-1) Field. Correcting these wells by re-steering them into the Eagle Ford may take several hundred feet of lateral. Otherwise the operator may need to abandon a portion of the wellbore. To abandon and re-drill the lateral would incur significant costs and additional risks.

In a nearly identical matter, on November 6, 2012, in Oil & Gas Docket No. 01-0277305, the Commission authorized the blanket commingling of the Briscoe Ranch (Eagleford) and Ammann (Buda) Fields in Dimmit, Maverick and Webb Counties. Stratigraphically, what Cabot seeks in the current docket is identical to what was authorized in 2012. This present application would allow similar relief be provided for Eagle Ford Formation wells eastward along the Eagle Ford trend.

The Eagle Ford Formation is a major play in South Texas. Cabot currently operates about 80 wells in the Eagleville (Eagle Ford-1) Field. Currently there are no oil wells on the proration schedule for the Ammann (Buda) Field. There are, however, 14 gas wells that are downhole commingled in the Briscoe Ranch (Eagleford) and Ammann (Buda) Fields. In these cases exceptions were issued under Oil & Gas Docket No. 01-0277305.

Cabot believes the formation pressures and fluid composition to be comparable and compatible between the two formations. Cabot does not anticipate any negative consequences of commingling the two formations.

### **FINDINGS OF FACT**

1. Notice of this application and hearing was provided to all persons entitled to notice.

2. The Eagle Ford play is being developed with horizontal wellbores.
3. An organic-rich interval in the lower Eagle Ford Formation is a primary target for development.
4. The Buda Formation directly underlies the Eagle Ford Formation.
5. Horizontal Eagle Ford wells that inadvertently enter the Buda Formation may be in violation of Statewide Rule 10.
6. Operators may remedy the situation by redrilling laterals at great cost and risk.
7. An exception to Statewide Rule 10 to allow commingling between Eagle Ford and Buda Fields will also remedy the situation.
8. On November 6, 2012, in Oil & Gas Docket No. 01-0277305, the Commission authorized the blanket commingling of the Briscoe Ranch (Eagleford) and Ammann (Buda) Fields in Dimmit, Maverick and Webb Counties.
  - a. Stratigraphically, what Cabot seeks in the current docket is identical to what was authorized in 2012.
  - b. This present application would allow similar relief be provided for Eagle Ford Formation wells eastward along the Eagle Ford trend.
9. The formation pressures and fluid compositions are comparable and compatible between the two formations.

#### **CONCLUSIONS OF LAW**

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.45
3. A blanket exception to Statewide Rule 10 for wells in the Eagleville (Eagle Ford-1) and Ammann (Buda) Fields will prevent waste, protect correlative rights and promote development of hydrocarbon resources.

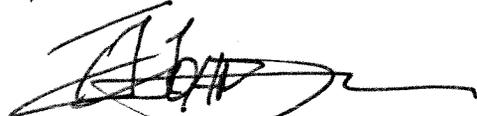
RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend Cabot's application for a blanket exception to Statewide Rule 10 for wells in the Eagleville (Eagle Ford-1) and Ammann (Buda) Fields be GRANTED.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Terry Johnson  
Hearings Examiner