

Aol.com

Breaking news alerts
trending videos, and more

The Eagle Ford Shale is back, kind of

By Jennifer Hiller | November 20, 2017

It isn't the boom days when oil trucks created big-city traffic jams on gravel roads and a night at a mediocre hotel cost \$300. But the Eagle Ford Shale is back from the bust - sort of - at a level that's admittedly more middle-aged, less teenager.



The 400-mile South Texas oil field, which sweeps from Laredo to College Station, has produced around 2.5 billion to 2.6 billion barrels since the first wells were drilled in late 2008, said Allen Gilmer, founder of the research firm Drillinginfo, who spoke Thursday at Hart Energy's DUG Eagle Ford Conference, held last week at the Convention Center.

It isn't the hottest oil field anymore. All the attention has shifted to the Permian Basin in West Texas and eastern New Mexico, and to the South Central Oklahoma Oil Province, known as the SCOOP, and the Sooner Trend Anadarko Basin Canadian and Kingfisher Counties, or STACK.

But there's still an awful lot of oil in South Texas.

Drillinginfo estimates the field holds around 20 billion barrels of recoverable crude oil, said Gilmer.

"It could be higher, but frankly 20 billion isn't a bad number," Gilmer said. It's about what Texas A&M has estimated for the field, but is higher than estimates from the University of Texas at Austin and the U.S. Geological Survey.

Last week, there are 67 drilling rigs at work in the field, according to service company Baker Hughes. At the peak there were 259 rigs at work in 2012, a number which dipped to 29 in May and June 2016.

It's been nine years since the first Eagle Ford well was drilled in La Salle County, and since then the play - and the workers and communities - have ridden a boom-bust roller coaster that's so familiar in a century of Texas oil.



Companies and workers have had to adjust. Oil prices hit a high of \$107 per barrel in June 2014 and started falling, hitting \$26 per barrel in February 2016. They have since recovered to \$56.60, the closing price Friday.

This year, the cost companies are finding out how much better they've gotten technically at drilling for oil, versus how much of their lower costs the last few years were due to the lower prices service companies had to charge to survive. The service firms, which provide the workaday tasks of the oil field such as drilling and completing wells, have been raising their prices after a few years of making little to no money.

Beth McDonald, vice president of South Texas for Irving-based Pioneer Natural Resources, said at the DUG conference that operators have to look at all of their options and variables as they plan field development or the design of a well.



Photo: Jerry Lara /AP

This Dec. 15, 2013 photo shows the Immaculate Conception Catholic Church steeple beyond an oil pump in Panna Maria, Texas. The Eagle Ford Shale oil field pumps around 1.2 million barrels daily.

BUSINESS



Yellen to leave Federal Reserve in February



Tom Stringfellow: Market man



The Eagle Ford Shale is back, kind of



Prominent San Antonio developer says ex-wife threatened 'mortal'

“This is one of the things the industry has done since the downturn,” McDonald said. “I say downturn. At Pioneer we actually call it, ‘this is the new state of the industry.’ We don’t see us turning back around anytime soon, so we have to ask ourselves, let’s look at every single variable.”

Neil Dingmann of the investment bank SunTrust Robinson Humphrey said he expects a few major mergers and acquisitions in the Eagle Ford before the end of the year, or by early 2018.

And he said that leasing activity has been busy across several shale fields, including the Permian Basin, the major fields in Oklahoma, the Eagle Ford, and in the Haynesville, a gas field in Louisiana and East Texas.

The best areas of Eagle Ford are in DeWitt and Gonzales counties, followed by Karnes and Webb counties, he said. “I would compare these to the Permian all day long,” Dingmann said.



The first question people ask these days about oil field investments is, “Hey why don’t you invest in the Permian?” said Sean Fitzgerald, partner in Boomtown Oil.

But Fitzgerald said the top counties in South Texas are equal to or superior to the best areas in the Permian Basin, and entry costs are lower for companies. Nearby operators to Boomtown’s acreage in Lavaca County includes EOG Resources and PennVirginia, which have reported initial well results in excess of 1,800 barrels of oil per day.

“The value proposition in the Eagle Ford is still very exciting,” Fitzgerald said.

Other companies agree.

Longtime Eagle Ford operator Sanchez Energy Corp. bought Anadarko Petroleum’s assets when that company left South Texas for the Permian Basin earlier this year. It was a \$2.3 billion deal that included 318,000 acres in the western part of the Eagle Ford.

“When we acquire something we go at it aggressively,” said Chris Heinson, senior vice president and chief operating officer of Sanchez, who spoke at the conference.

The day the deal closed, Sanchez had crews lined up on the road. “When that last wire transfer happened Anadarko gave the gate guards the OK to let us in,” Heinson said. “We started working immediately.”

The Houston-based firm has four drilling rigs and six frac crews working on the acreage now.

jhiller@express-news.net | Twitter: @Jennifer_Hiller



Jennifer Hiller

Staff writer | San Antonio Express-News