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UT Study: Eagle Ford Could Support Another 80,000 Wells

Leslie Haines, Hart Energy Thursday, September 29, 2016 - 8:58am

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Dr. Svetlana Ikonnikova, economist and co-principal investigator, at University of Texas' Bureau of Economic Geology, along with Dr. Scott Tinker, Director, presented the study's findings at Hart Energy's DUG Eagle Ford conference in San Antonio. (Source: Hart Energy)

SAN ANTONIO—What happens when you slice and dice data from thousands of Eagle Ford Shale wells already drilled? You get more excited about the play's long-term potential to add production to the Lower 48 and have an impact on the world. That's according to a new study from the University of Texas' Bureau of Economic Geology.

Out of 230 billion barrels (Bbbl) of oil in place, some 6 billion can be recovered at current commodity prices and technology practices, Dr. Scott Tinker, BEG director, told attendees at Hart Energy's DUG Eagle Conference recently.

If oil rose to $100/bbl again, then over 11 Bbbl could be recovered and some 93,000 wells could be drilled—or about 80,000 more than have been drilled so far, he said. Even if current commodity prices persist, the Eagle Ford would contribute to U.S. supply in a big way, although production has slipped below 1 million barrels (MMbbl/d) this year. That's down from a peak of 1.7 MMbbl/d in March 2015, according to the Energy Information Administration.

Tinker and energy economist and co-principal investigator Dr. Svetlana Ikonnikova lead a multidisciplinary team at UT that has been together for six years and has previously released similarly detailed studies on the Barnett, Haynesville and several other shale plays. The BEG uses data from IHSMarkit and DrillingInfo and looks at each play from an engineering, geology and economics standpoint, examining all existing wells and the geology of the play.

“We divided this play into the Upper and Lower Eagle Ford and then further divided it into 12 different API gravity zones or production regions,” Ikonnikova said.

The team estimated expected production in drilled and undrilled areas, looked at per-well EURs, amount of water used, lateral lengths, amount of proppant and more.

The BEG study group also developed Eagle Ford profitability index areas within the vast Eagle Ford--indicating higher and lower returns based on geologic characteristics and existing operational practices--and therewith locations which are more likely to be drilled. It found that as of 2016, about 60% of the drillable locations have a PI (profitability index) of less than 75 percent at $45/bbl, and thus are likely to be unprofitable unless price increases or technology improves. But if the oil price were to rise to $100/bbl again, over 50% of the locations would have a PI greater than 1.00, i.e., they would be profitable and attractive to drill.

“We estimated the number of wells to be drilled in every block (square mile), depending on commodity prices, costs, available infrastructure and so on,” said Ikonnikova.

In addition to oil, the BEG calculates 462 Tcf of original gas in place across the Eagle Ford, and some 34 Tcf is technically recoverable if today’s price deck and current technology are assumed. If natural gas prices rise enough, the southern portion of the play, which is mostly dry gas, could support the drilling of another 30,000 natural gas wells, she said.

Six years ago, the BEG began the in-depth assessment of shale resources with a goal to build production outlooks and it is now revisiting four major shale gas plays , Tinker said, focusing on the changes owing to current developments, the latest technologies, and advances in BEG’s own approaches and knowledge. It welcomes industry participation. (Next up is its study of the Permian Basin tight oil.)

Leslie Haines can be reached at lhaines@hartenergy.com.

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