

THE APPLICATION OF EXXON MOBIL CORPORATION TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE (PROPOSED) MADERO, WEST (L) FIELD AND TO CONSOLIDATE THE MADERO, W. (K-94) FIELD INTO THE MADERO, WEST (L) FIELD, KLEBERG COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on May 1, 2009

Appearances:

Tim George
William T. Duncan Jr.

Representing:

Exxon Mobil Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Exxon Mobil Corporation requests that a new field designation called the Madero, West (L) Field be approved for its King Ranch Madero Well No. 28 and that the Madero, W. (K-94) Field be consolidated into the proposed Madero, West (L) Field. Exxon Mobil also requests that the following rules be adopted for the Madero, West (L) Field:

1. Designation of the field as the correlative interval from 10,790 feet and 11,670 feet, as shown on the Schlumberger Vision Resistivity log of the King Ranch Madero Well No. 28;
2. Allocation based on 95% deliverability and 5% per well.

There were no protests to this application and the examiner recommends approval of the new field designation and field rules.

DISCUSSION OF EVIDENCE

Exxon Mobil Corporation completed its King Ranch Madero Well No. 28 in December 2008. The well has four sets of perforations in the Lower Frio between 10,792 feet and 11,660 feet. The productive interval includes the L-05, L-07, L-12 and L-13 sands. On initial test, the well produced at a rate of 6,374 MCFD and 117 BCPD. Flowing casing pressure is 6,053 psi.

The new field designation should be approved for the King Ranch Madero Well No. 28. The nearest production is approximately .3 miles to the south, southeast in the Madero, W. (K-94) Field. There is comparable production within a 2 ½ mile radius of Well No. 28 in the Madero, W. (L-04) Field which is located 1 mile to the southwest. This field is separated by a sealing fault from the proposed Madero, West (L) Field. Additionally, the King Ranch Madero Well No. 28 encountered virgin pressure of 7,260 psig.

Exxon Mobil proposes to consolidate the Madero, W. (K-94) Field into the proposed Madero, West (L) Field. The King Ranch Madero Well No. 11 is the only well completed in the Madero, W. (K-94) Field. The well was completed in 1965 at a depth of 10,943 feet and was thought to be completed in the K-94 Sand. The Well No. 11 has produced over over 9.2 BCF of gas since 1965. After additional drilling, pressure testing, geologic and seismic studies it has been determined that the No. 11 well is actually completed in the L-06 Sand. The L-06 Sand was found pressure depleted in the Well No. 28 and was not completed in that sand due to its reduced pressure. Because the Well No. 11 is producing from the L-06 Sand which is included in the more expansive correlative interval of the proposed Madero, West (L) Field, Exxon requests the well be transferred to the new field and to consolidate the Madero, W. (K-94) Field into the Madero, West (L) Field.

Exxon Mobil requests that the entire correlative interval between 10,790 feet and 11,670 feet in the King Ranch Madero Well No. 28 be considered a single field. This interval includes the L-05, L-06, L-07, L-09, L-12, and L-13 Sands within the Lower Frio. Separate completions in the intervals would not be commercial.

State statutes require that a two factor allocation formula be adopted for the proposed field designation to be considered a single field. Exxon Mobil requests that allocation be based on 95% deliverability and 5% per well for the field.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. Exxon Mobil Corporation completed its King Ranch Madero Well No. 28 in December 2008 with four sets of perforations in the Lower Frio from 10,792 feet to 11,660 feet. On initial test, the well produced at a rate of 6,374 MCFD and 117 BCPD.
3. The King Ranch Madero Well No. 28 is entitled to a new field designation because there is no comparable production within a 2½ mile radius of the subject well other than the King Ranch Madero Well No. 11 in the Madero, W. (K-94) Field.
4. The King Ranch Madero Well No. 11 in the Madero, W. (K-94) Field actually produces from the L-06 Sand.
5. The Madero, W. (L-04) Field is located 1 mile to the southwest. The field is separated by a sealing fault from the proposed Madero, West (L) Field.
6. The entire correlative interval from 10,790 feet and 11,670 feet, as shown on the Schlumberger Vision Resistivity log of the King Ranch Madero Well No. 28 should be designated as the Madero, West (L) Field.
7. It is appropriate to consolidate the Madero, W. (K-94) Field into the Madero, West (L) Field because the Well No. 11 is actually producing from the L-06 Sand which is included in the more expansive correlative interval of the proposed Madero, West (L) Field.

8. Allocation based on 95% deliverability and 5% per well will protect correlative rights and meets statutory requirements for combining multiple productive zones into a single field.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Approval of the requested new field designation, adoption of field rules and consolidation will prevent waste, protect correlative rights and promote the orderly development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the new field designation and adoption of field rules for the Madero, West (L) Field and consolidation of the Madero, W. (K-94) Field into the Madero, West (L) Field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner