

DISCUSSION OF THE EVIDENCE

Exxon Mobil completed its Santa Fe Ranch Lease, Well No. 122, in September 2011 with perforations in the N-68 Sand formation from 10,916 feet to 11,188 feet. On initial test, the well produced flowing at a maximum rate of 2.4 MMCFGPD, 29 BOPD and 4 BWPD. There is no comparable production within a 2.5 mile radius of the discovery well.

A new field designation should be approved for the Santa Fe Ranch Lease, Well No. 122. Exxon Mobil requests that the field be defined as the correlative interval from 10,900 feet to 11,200 feet as shown on the log of the Exxon Mobil Corporation - Santa Fe Ranch Lease, Well No. 122 (API No. 42-047-32118), J. J. Balli Survey, A-45, Brooks County, Texas. The interval includes the entire N-68 Sand formation.

Exxon Mobil proposes that the field remain on Statewide Rules for spacing and density. To satisfy state statutes, Exxon Mobil requests that a two factor allocation formula based on 75% deliverability and 25% per well be adopted for the field. Exxon Mobil requests that the allocation formula be suspended, as there is a 100% market demand for all of the gas produced from the field.

Through August 2012, the cumulative over-production for the Santa Fe Ranch Lease, Well No. 122, is 253.7 MMCFG. Exxon Mobil also requests that all over-production for the Santa Fe Ranch Lease, Well No. 122, be canceled.

FINDINGS OF FACT

1. Notice of this application and hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing.
2. Exxon Mobil completed its Santa Fe Ranch Lease, Well No. 122, in September 2011 with perforations in the N-68 Sand formation from 10,916 feet to 11,188 feet. On initial test, the well produced flowing at a maximum rate of 2.4 MMCFGPD, 29 BOPD and 4 BWPD.
3. The Santa Fe Ranch Lease, Well No. 122, is entitled to a new field designation as there is no comparable production within a 2.5 mile radius of the discovery well.
4. The Tom East (N-68) Field should be defined as the correlative interval from 10,900 feet to 11,200 feet as shown on the log of the Exxon Mobil Corporation - Santa Fe Ranch Lease, Well No. 122 (API No. 42-047-32118), J. J. Balli Survey, A-45, Brooks County, Texas. The interval includes the entire N-68 Sand formation.

5. Allocation based on 75% deliverability and 25% per acre is a reasonable formula which will satisfy state statutes and protect correlative rights of mineral owners in the field.
6. Suspension of the allocation formula is appropriate, as there is a 100% market demand for all of the gas produced from the field.
7. Through August 2012, the cumulative over-production for the Santa Fe Ranch Lease, Well No. 122, is 253.7 MMCFG.


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 and adoption of Field Rules for the Tom East (N-68) Field will prevent waste, protect correlative rights and promote the orderly development of the field.
4. Cancellation of over-production for the Santa Fe Ranch Lease, Well No. 122, will not harm correlative rights and will not cause waste.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve the new field designation, adopt Field Rules for the proposed Tom East (N-68) Field and cancel over-production for the Santa Fe Ranch Lease, Well No. 122, as requested by Exxon Mobil Corporation.

Respectfully submitted,


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