

THE APPLICATION OF EXXON MOBIL CORPORATION TO CONSIDER AN MER ALLOWABLE FOR EACH WELL IN THE HAWKINS (PALUXY, SOUTH) FIELD, WOOD COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner

HEARING DATE: October 30, 2009

APPEARANCES:

REPRESENTING:

Tim George
William T. Duncan, Jr.
Kenny Susewind
Don Dollar
Hendra Priadi

Exxon Mobil Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Exxon Mobil Corporation ("Exxon Mobil") requests approval of an MER of 250 BOPD for each well in the Hawkins (Paluxy, South) Field. Exxon Mobil also requests that all overproduction in the field be canceled.

The application is unopposed and the examiner recommends approval of the requested per well MER and cancellation of the field overproduction.

DISCUSSION OF EVIDENCE

The Hawkins (Paluxy, South) Field was discovered in September 2006 upon completion of the C. C. Yates Lease, Well No. 4U by Exxon Mobil. There are currently two producing wells carried on the proration schedule and Exxon Mobil is the only operator. The top allowable for the 40 acre density dictated by the Field Rules is the 1965 yardstick allowable of 102 BOPD. Cumulative production from the field through September 2009 is 110.4 MBO and 75.0 MMCFG.

The Hawkins (Paluxy, South) Field produces from a Middle Paluxy Sand that lies over a faulted anticline structure. Both producing wells are contained in a single fault block that has no gas-oil or water-oil contact. The average porosity is between 15% and 20% and the primary drive mechanism is a solution gas drive.

The C. C. Yates Lease, Well No. 4U, was tested at various rates during August and September to determine rate sensitivity. The choke was adjusted incrementally from a 10/64" to a 14/64" and the producing rate varied between 97 BOPD and 308 BOPD. The gas-oil ratio was very constant, ranging only from 460 cubic feet per barrel to 660 cubic feet per barrel. The highest GOR of 1,013 cubic feet per barrel was obtained while producing the well at oil rates above 250 BOPD.

The H. C. LaForce Lease, Well No. 7, was tested at various rates during August and September to determine rate sensitivity. The choke was adjusted incrementally from a 8/64" to a 17/64" and the producing rate varied between 100 BOPD and 419 BOPD. The gas-oil ratio was very constant, ranging only from 545 cubic feet per barrel to 655 cubic feet per barrel. The highest GOR of 899 cubic feet per barrel was obtained while producing the well at oil rates above 250 BOPD.

Based on the above testing results, Exxon Mobil requests a per well MER of 250 BOPD. Due to testing at rates in excess of the current allowable, the wells are overproduced. Exxon Mobil also requests that all overproduction in the Hawkins (Paluxy, South) Field be canceled.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing.
2. The Hawkins (Paluxy, South) Field was discovered in September 2006 upon completion of the C. C. Yates Lease, Well No. 4U by Exxon Mobil.
3. There are currently two producing wells carried on the proration schedule and Exxon Mobil is the only operator.
4. The top allowable for the 40 acre density dictated by the Field Rules is the 1965 yardstick allowable of 102 BOPD.
5. The Hawkins (Paluxy, South) Field produces from a Middle Paluxy Sand that lies over a faulted anticline structure. Both producing wells are contained in a single fault block that has no gas-oil or water-oil contact.
6. An MER of 250 BOPD per well is appropriate for the Hawkins (Paluxy, South) Field.

- a. During testing, the C. C. Yates Lease, Well No. 4U, gas-oil ratio was very constant, ranging only from 460 cubic feet per barrel to 660 cubic feet per barrel. The highest GOR of 1,013 cubic feet per barrel was obtained while producing the well at oil rates above 250 BOPD.
 - b. During testing, the H. C. LaForce Lease, Well No. 7, gas-oil ratio was very constant, ranging only from 545 cubic feet per barrel to 655 cubic feet per barrel. The highest GOR of 899 cubic feet per barrel was obtained while producing the well at oil rates above 250 BOPD.
7. Due to testing at rates in excess of the current allowable, the producing wells are overproduced.

CONCLUSIONS OF LAW

1. Notice of this hearing was given as specified in the provisions of all regulatory codes.
2. All things have occurred or been accomplished to give the Commission jurisdiction in this matter.
3. Approval of an MER of 250 BOPD per well in the Hawkins (Paluxy, South) Field and cancellation of overproduction in the field will prevent waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends approval of an MER of 250 BOPD per well in the Hawkins (Paluxy, South) Field and cancellation of all overproduction in the field.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner