OIL AND GAS DOCKET NO. 06-0260196

THE APPLICATION OF EXXON MOBIL CORPORATION TO CONSOLIDATE THE TRAWICK (JAMES) FIELD INTO THE TRAWICK (PETTIT-TP CONS.) FIELD AND TO AMEND FIELD RULE NOS. 1 AND 2 FOR THE TRAWICK (PETTIT-TP CONS.) FIELD, NACOGDOCHES COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E.

DATE OF HEARING: December 18, 2008

APPEARANCES:	**REPRESENTING:**
Tim George Richard J. Wachtman William T. Duncan, Jr. Ryan Mullen	Exxon Mobil Corporation
James M. Clark	Samson Lone Star, LLC

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Exxon Mobil Corporation ("Exxon") to consider consolidation of the Trawick (James) Field into the Trawick (Pettit-TP Cons.) Field. Field rules for the Trawick (Pettit-TP Cons.) Field were adopted in Final Order No. 06-0257872, effective October 7, 2008. The rules in effect for the field are summarized as follows:

1. Designated interval from 7,390 to 9,760 feet as shown on the log of the Trawick Gas Unit 6 Well No. 2;

2. Well spacing a minimum of 467 feet from lease lines with no between-well spacing limitation;

3. 640 acre unit density plus 10% tolerance with a maximum diagonal of 10,500 feet, optional 40 acre units with a maximum diagonal of 4,500 feet and no proration plats required while the allocation formula remains suspended;

4. Allocation based 25% per well and 75% acreage, associated-prorated field classification and salvage classification for oil wells in the field.

Exxon requests that Field Rule Nos. 1 and 2 be amended to include the Trawick (James) Field in the correlative interval and provide for 330'-0' well spacing. Exxon also

requests that the allocation formula remain suspended. The examiner recommends approval of the field consolidation and amended Field Rule Nos. 1 and 2.

DISCUSSION OF THE EVIDENCE

The Trawick (Pettit) and Trawick (Travis Peak) Fields were consolidated into the Trawick (Pettit-TP Cons.) Field in October 2008. The Trawick (Pettit-TP Cons.) Field is classified as associated-prorated and produces from the Pettit and Travis Peak reservoirs which exist from 7,390 feet down to 9,760 feet. The field is governed by Field Rules that provide for 467'-0' well spacing and 640 acre gas units with optional 40 acre density. There are eight operators and 193 wells in the field. The allocation formula for this field is currently suspended.

The Trawick (James) Field was discovered in February 1977 at a depth of 7,196 feet. This non-associated field produces from the James Lime which exists from 7,166 feet down to approximately 7,300 feet. The field is governed by Field Rules that provide for 467'-933' well spacing and 640 acre gas units with optional 80 acre density. There are three operators and 81 wells in the field. The allocation formula for this field is currently suspended.

The fields proposed for consolidation overlap and production is currently being commingled with each other. The wells in the Trawick (James) Field currently produce 530 MMCFG per month or an average of 220 MCFGPD per well. The wells in the Trawick (Pettit-TP Cons.) Field currently produce 640 MMCFG per month or an average of 120 MCFGPD per well. The fields are in mid to late stages of depletion. By consolidating the Trawick (James) Field into the Trawick (Pettit-TP Cons.) Field, a well drilled to the Travis Peak (deepest zone) can be completed to produce the Travis Peak, Pettit and James Lime zones without the need for Rule 10 or Rule 37 exceptions.

The designated interval from 7,166 to 9,760 feet as shown on the log of the Trawick Gas Unit 6 Well No. 2 includes the James Lime, Pettit and Travis Peak reservoirs. The current low production rates from either field does not justify drilling a well to produce from either field alone. Consolidation will prevent waste by extending the economic life of all zones. Waste will be prevented by encouraging new drilling and recompletion of existing wells. Exxon has estimated that an additional 137 MMCFG can be recovered per well with the consolidation.

The original bottom hole pressures are similar throughout the James Lime, Pettit and Travis Peak intervals. The data show bottom hole pressures range between 3,425 psi up to 4,050 psi. The gas composition is also similar in the various zones and contains on average 93.0% Methane, 1.2% CO2 and 1.4% N2. The average wet BTU content is 1,040 BTU/cf.

The proposed minimum well spacing of 330'/0' (leaseline/between well), will provide for flexibility in locating new wells near existing wells which have undrained James, Pettit and/or Travis Peak zones. Exxon provided a drainage area calculation on two James Lime wells, the Trawick Gas Unit 2 Lease, Well No. 4 and the Trawick Gas Unit 9 Lease, Well No. 4U. The drainage areas were calculated to be approximately 477 acres and 37 acres, respectively. These drainage areas indicate that the current Trawick (Pettit-TP Cons.) Field density of 640 acre gas units with optional 40 acre density are appropriate for the Trawick (James) Field wells.

The allocation formula is currently suspended and Exxon requests that the allocation formula remain suspended.

FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject fields at least ten (10) days prior to the subject hearing.

2. The Trawick (Pettit) and Trawick (Travis Peak) Fields were consolidated into the Trawick (Pettit-TP Cons.) Field in October 2008.

    a. The field is governed by Field Rules that provide for 467'-0' well spacing and 640 acre gas units with optional 40 acre density.

    b. There are eight operators in the field and 193 wells carried on the proration schedule.

    c. The allocation formula is currently suspended.

3. The Trawick (James) Field was discovered in February 1977 at a depth of 7,196 feet.

    a. The field is governed by Field Rules that provide for 467'-933' well spacing and 640 acre gas units with optional 80 acre density.

    b. There are three operators in the field and 81 wells carried on the proration schedule.

    c. The allocation formula is currently suspended.

4. The proposed designated interval from 7,166 to 9,760 feet as shown on the log of the Trawick Gas Unit 6 Well No. 2 includes the James Lime, Pettit and Travis Peak reservoirs.

5. The proposed minimum well spacing of 330'/0' (leaseline/between well), will

provide for flexibility in locating wells in all productive zones in the Trawick (Pettit-TP Cons.) Field without the need for unnecessary Rule 37 exceptions.

6. Drainage area calculations indicate that the current Trawick (Pettit-TP Cons.) Field density of 640 acre gas units with optional 40 acre density are appropriate for the Trawick (James) Field wells.

7. The original bottom hole pressures are similar throughout the James Lime, Pettit and Travis Peak intervals. The data show bottom hole pressures range between 3,425 psi up to 4,050 psi.

8. The gas composition is similar in the various zones and contains on average 93.0% Methane, 1.2% CO2 and 1.4% N2. The average wet BTU content is 1,040 BTU/cf.

9. The current low production rates from either field does not justify drilling a well to produce from either field alone.

10. Consolidation will prevent waste by extending the economic life of all zones. Exxon has estimated that an additional 137 MMCFG can be recovered per well with the consolidation.

11. Continuation of the administrative suspension of the allocation formula for the proposed field is appropriate as there is a 100% market demand for gas in the field.

CONCLUSIONS OF LAW

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.

2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.

3. Consolidation of the fields and amending Field Rule Nos. 1 and 2 will prevent waste, foster conservation and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends approval of the proposed field consolidation, amending Field Rule Nos. 1 and

2 for the Trawick (Pettit-TP Cons.) Field and the continued suspension of the allocation formula.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Hearings Examiner