

THE APPLICATION OF EXXON MOBIL CORPORATION TO AMEND THE FIELD RULES FOR THE EL PAISTLE, DEEP (FRIO) FIELD, KENEDY COUNTY, TEXAS

Heard by: Donna K. Chandler on April 16, 2010

Appearances:

Tim George
Scott Challburg
Theresa Hardin
William T. Duncan, Jr.
Robert Heinle
Neil Bockoven

Representing:

Exxon Mobil Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the El Paistle, Deep (Frio) Field were adopted on July 22, 2004 in Docket No. 02-0238810. This docket also consolidated several fields into the El Paistle, Deep (Frio) Field. The rules in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 10,560 feet in the John G. Kennedy Jr. "E" lease Well No. 13 to 19,250 feet in the John G. Kennedy, Jr. "K" lease Well No. 1.;
2. 467'-1,200' well spacing;
3. 320 acre gas units with 10% tolerance; optional 160 acre units;
4. Allocation based on 25% acreage and 75% deliverability.

Exxon Mobil requests that the field rules be amended as follows:

1. No change;
2. 467'-933' well spacing;
3. 320 acre units with optional 40 acre units; no requirement to file plats as long as field is AOF.

4. No change.

This application was unopposed and the examiner recommends that the field rules for the El Paistle Deep (Frio) Field be amended as proposed by Exxon Mobil.

DISCUSSION OF THE EVIDENCE

The El Paistle, Deep (Frio) Field was discovered in 1964 and field rules were originally adopted in 1978. In 2004, several fields were consolidated into the El Paistle, Deep (Frio) Field and the designated interval for the field includes many sands with various thicknesses. The area is highly faulted and the sands are very discontinuous.

In 1996, redevelopment of the field with infill drilling began and average daily production increased from less than 5 MMCFD to over 70 MMCFD in 2005. Current field production is approximately 20 MMCFD and cumulative production is 314 BCF. There are currently 40 producing wells in the field with deliverabilities ranging from less than 100 MCFD to over 3,300 MCFD. Exxon Mobil operates about 30 wells and Headington Oil Company operates the remaining wells.

The John G. Kenedy "J" No. 6 well produced 29.9 BCF of gas between 1969 and 1992. The calculated drainage area for the well is 384 acres. Two more recent wells, the John G. Kenedy "J" No. 35 and the John G. Kenedy "J" No. 38, have produced 2.7 BCF and 3.1 BCF, respectively, since 2003. The drainage areas for these wells are 46 acres and 38 acres. Exxon Mobil plans to continue infill drilling in the field and believes that optional 40 acre density is appropriate to facilitate this development.

In addition to the change in the density rule, Exxon Mobil requests that the between-well spacing rule be reduced from 1,200 feet to 933 feet. Exxon Mobil also requests that the requirement for filing individual proration unit plats be eliminated as long as the allocation formula in the field is suspended.

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. The El Paistle, Deep (Frio) Field was discovered in 1964 and is a non-associated gas field with 40 wells. Cumulative production from the field is 314 BCF of gas.
3. Field rules for the El Paistle, Deep (Frio) Field provide for 467'-1,200' well spacing, 320/optional 160 acre density and AOF status.

4. A density rule providing for optional 40 acre density is appropriate for the El Paistle, Deep (Frio) Field.
 - a. The various Frio sand members which comprise the field interval are very discontinuous and segmented due to extensive faulting.
 - b. Successful infill wells are being drilled in the field and production increased from less than 5 MMCFD in 1998 to over 70 MMCFD in 2005
 - c. Two of the infill wells have calculated drainage areas of approximately 40 acres.
5. The requested 467'-933' well spacing rule will accommodate development on 40 acre units.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Amending the field rules for the El Paistle, Deep (Frio) Field is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the field rules for the El Paistle, Deep (Frio) Field be amended as proposed by Exxon Mobil Corporation.

Respectfully submitted,

Donna K. Chandler
Technical Examiner