



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0278239

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THE APPLICATION OF EXXON MOBIL CORPORATION TO AMEND AND RENUMBER  
FIELD RULES FOR THE TALCO FIELD, FRANKLIN AND TITUS COUNTIES, TEXAS

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HEARD BY: Richard D. Atkins, P.E. - Technical Examiner  
Laura Miles-Valdez - Legal Examiner

HEARING DATE: October 5, 2012

APPEARANCES:

REPRESENTING:

**APPLICANT:**

Tim George  
David Smith  
Mark Meeks  
William T. Duncan, Jr.

Exxon Mobil Corporation

**OBSERVER:**

D. Davin McGinnis

Arcadia Operating, LLC

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field Rules for the Talco Field were adopted in Final Order No. 6-54,007, effective July 20, 1964, as amended. The Field Rules are summarized as follows:

1. 233'-330' well spacing;
2. 10 acre oil units with 5 acre optional density;
3. Allocation based on 100% acres.

Exxon Mobil Corporation ("Exxon Mobil") requests that the Field Rules be amended and renumbered, as shown below:

1. Designated correlative interval from 4,168 feet to 4,430 feet as shown on the log of the Exxon Mobil Corporation - Talco West Unit, Well No. 7312 (API No. 42-159-30369);
2. 233'-0' well spacing;
3. 10 acre oil units with optional 5 acre density;
4. Allocation based on 100% acres.

Exxon Mobil also requests that proration unit plats not be required for individual wells, but that Form P-15 be filed to designate the number of acres to be assigned to each well. In addition, Exxon Mobil requests that all Statewide Rule 37 concurrent production restrictions be removed.

The application is unopposed and the examiners recommend that the Field Rules for the Talco Field be amended and renumbered and all Statewide Rule 37 concurrent production restrictions be removed, as proposed by Exxon Mobil.

#### **DISCUSSION OF EVIDENCE**

The Talco Field was discovered in March 1936 at an average depth of 4,300 feet. There are 134 producing oil wells and three operators carried on the proration schedule. Field Rules currently provide for 233'-330' well spacing, 10 acre oil units with optional 5 acre density and allocation based on 100% acres. Cumulative production from the field through December 2011 is 293.9 MMBO and 101.0 MMCFG.

There is currently no defined correlative interval for the field. Exxon Mobil requests that the field be defined as the correlative interval from 4,168 feet to 4,430 feet as shown on the log of the Exxon Mobil Corporation - Talco West Unit, Well No. 7312 (API No. 42-159-30369), McKinney and Williams Survey, A-342, Franklin County, Texas. The correlative interval includes the entire Paluxy Sand formation, which contains the Carr and Galt sand members. From log analysis, Exxon Mobil estimated an average porosity of 26%, an average saltwater saturation of 11%, an average net pay thickness of 202 feet and a current recovery factor between 24% and 32%. The primary drive mechanism is a moderate to strong water drive.

Exxon Mobil is re-developing the Talco Field by drilling infill horizontal drainhole wells and requests the elimination of the between well spacing limitation. A no minimum between well spacing limitation is necessary to promote the efficient and effective development of the remaining hydrocarbons in an attempt to recover any bypassed oil from the moderate to strong water drive. Exxon Mobil requests 233'-0' well spacing and argues that the proposed spacing is necessary to allow drilling of infill horizontal drainhole wells,

which may have to be placed very near vertical wells in some cases. Likewise, the horizontal drainhole wells may cross other wells or wellbores at different depths.

Exxon Mobil also requests that proration unit plats not be required for individual wells, but that Form P-15 be filed to designate the number of acres to be assigned to each well. In addition, Exxon Mobil requests that all Statewide Rule 37 concurrent production restrictions be removed.

### **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. The Talco Field was discovered in March 1936 at an average depth of 4,300 feet.
  - a. There are 134 producing oil wells and three operators carried on the proration schedule.
  - b. Field Rules currently provide for 233'-330' well spacing, 10 acre oil units with optional 5 acre density and allocation based on 100% acres.
3. The Talco Field should be defined as the correlative interval from 4,168 feet to 4,430 feet as shown on the log of the Exxon Mobil Corporation - Talco West Unit, Well No. 7312 (API No. 42-159-30369), McKinney and Williams Survey, A-342, Franklin County, Texas. The correlative interval includes the entire Paluxy Sand formation, which contains the Carr and Galt sand members.
4. Field Rules for the Talco Field that provide for 233'-0' well spacing are appropriate for the field.
  - a. Exxon Mobil Corporation ("Exxon Mobil") is re-developing the Talco Field by drilling infill horizontal drainhole wells.
  - b. A no minimum between well spacing limitation is necessary to promote the efficient and effective development of the remaining hydrocarbons in an attempt to recover any bypassed oil from the moderate to strong water drive.
  - c. The proposed spacing is necessary to allow drilling of infill horizontal drainhole wells, which may have to be placed very near vertical wells in some cases.

- d. Horizontal drainhole wells may cross other wells or wellbores at different depths.
- 5. The filing of Form P-15 to designate the number of acres to be assigned to each well for proration purposes with no proration plats will eliminate unnecessary paperwork.
- 6. Since there is no minimum between well spacing limitation, all Statewide Rule 37 concurrent production restrictions should be removed.


**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. Amending and renumbering the Field Rules for the Talco Field is necessary to prevent waste, protect correlative rights and promote development of the field.
- 4. Removing all Statewide Rule 37 concurrent production restrictions will prevent waste and protect correlative rights.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission amend and renumber the Field Rules for the Talco Field and remove all Statewide Rule 37 concurrent production restrictions, as requested by Exxon Mobil Corporation.

Respectfully submitted,

  
Richard D. Atkins, P.E.  
Technical Examiner

  
Laura Miles-Valdez  
Legal Examiner