

August 8, 2007

OIL AND GAS DOCKET NO. 04-0252361

APPLICATION OF EXXON MOBIL CORPORATION TO CONSIDER BALANCING THE T.-C.-B. (LWR FRIO-UP VXBG) FIELD, KLEBERG AND JIM WELLS COUNTIES, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: August 2, 2007

APPEARANCES:

REPRESENTING:

Applicant:

Tim George, lawyer
William T. Duncan, Jr.

Exxon Mobil Corporation

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unopposed application of Exxon Mobil Corporation for the Commission to consider balancing the T.-C.-B. (Frio-Up VXBG) Field. The examiner recommends approval.

DISCUSSION OF THE EVIDENCE

The T.-C.-B. (Frio-Up VXBG) Field was discovered in 1999 at approximately 7,572' subsurface depth. Special field rules provide for 80 acre density. The field is classified as Associated-Prorated. This is a multi-operator field with over 30 scheduled wells (only 10 producing wells). There is an associated "oil" field with a top oil allowable of 440 BOPD and a casinghead gas limit of 880 MCFD and was classified as "salvage" pursuant to Order No. 04-0221067.

A one time balancing of the subject field will provide for a neutral reservoir allowable starting point which will result in fewer swings of Commission initiated reservoir allowable adjustments. Exxon has one well, the King Ranch Laguna Larga Lease Well No. 1058 which is over-produced at 125 MMCF of gas and has a current deliverability of 861 MCFD. The over-production of Exxon for the Well No. 1058 was caused by an initial filing that was significantly below the true deliverability of the well (127 MCFD versus 2,072 MCFD). Other wells in the field are not prorated. Adding to the reservoir allowable adjustment problem is the continued underproduction of the Triad Energy, P. Canales Well No. 142 which is now underproduced 62 MMCF of gas. The reported deliverability of the well is 429 MCFD. These wells have caused reservoir allowable adjustments which causes the field to receive less reservoir allowable each month. Other wells in the field have reported deliverabilities ranging from 2 to 203 MCFD.

All operators in the subject field were notified of the subject proposal to balance the field and no protest was received. Letters supporting the balancing were received from all operators except Triad Energy Corporation.

FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The T.-C.-B. (Frio-Up VXBG) Field was discovered in 1999 at approximately 7,572' subsurface depth.
 - a. The field is classified as Associated-Prorated.
 - b. This is a multi-operator field with over 30 scheduled wells (only 10 producing wells).
4. A one time balancing of the subject field will provide for a neutral reservoir allowable starting point which will result in fewer swings of Commission initiated reservoir allowable adjustments.
5. All operators in the subject field were notified of the subject proposal to balance the field and no protest was received.

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. Balancing the T.-C.-B. (Frio-Up VXBG) Field will not cause waste nor harm correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of balancing the T.-C.-B. (Frio-Up VXBG) Field.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel