

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

RECOMMENDATION OF THE X  
RAILROAD COMMISSION OF TEXAS X  
THAT THE TRAVIS PEAK FORMATION X DOCKET NO. 5-76,659  
BE DESIGNATED AS A TIGHT X  
FORMATION IN TEXAS X

TO THE HONORABLE FEDERAL ENERGY REGULATORY COMMISSION:

NOW COMES THE RAILROAD COMMISSION OF TEXAS (hereinafter referred to as "Commission") and hereby files this recommendation that the FEDERAL ENERGY REGULATORY COMMISSION (hereinafter referred to as "FERC") proceed forthwith to designate the TRAVIS PEAK FORMATION (hereinafter referred to as the "TRAVIS PEAK") in accordance with the Commission's recommendation of October 26, 1981, in the above referenced docket (please see Appendix A). Authority for designation of a tight formation is under Section 107(b) of the Natural Gas Policy Act of 1978. 15 U.S.C. § 3317(b) (1980).

To date, FERC has taken no action on this application, causing a decrease in gas well drilling, a reduction of tax base, inequity to royalty interests, and a decrease in natural gas deliverability and reserves within the state of Texas. Additionally, the delay has resulted in undue hardship within the state to operators with contractual obligations and offset demands.

FERC's failure to act in this matter appears to be predicated on the difference in approach adopted by the Commission and FERC on the method of statistical analysis for evaluation of reservoir parameters. This Commission's position is expressed in

testimony delivered to the FERC on November 12, 1982, in Washington, D.C. (please see Appendix B).

The Commission continues to argue that average permeability determinations should be based on the geometric mean, and it preserves its right to urge the adoption of such methodology by FERC. However, the Commission notes that the vast majority of wells in this field qualify under either standard, and it wishes to effect a resolution of this application with the consequent public benefits to the state of Texas. Therefore, the following option is presented.

It has been determined that approximately 45 gas wells in the Travis Peak included in the original Travis Peak application fall outside of the FERC guidelines. A listing of these wells is attached by well code listing in Exhibit 15 of the original application, and attached hereto as Appendix C. Examination of the well logs of these 45 wells indicates that current production from these wells originates from the uppermost sand or sands within the Travis Peak Formation, all of which are located within the top 200' of this formation.

Thus, the Commission proposes that the upper 200' of the Travis Peak Formation be excluded from the 45 wells listed in Appendix C. The Commission further proposes that all other gas wells in the Travis Peak, plus all lower sections of the Travis Peak in the above 45 wells and all undrilled acreage which might produce gas from the recommended portions of the Travis Peak in Texas, be designated as a tight formation.

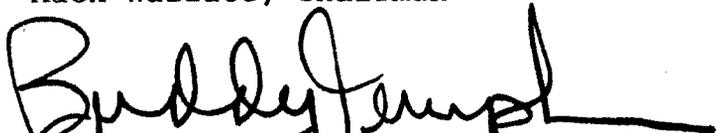
Certain wells in a limited locale in the Travis Peak in Texas have been designated as oil wells. These wells so designated by the Commission are excluded from this application.

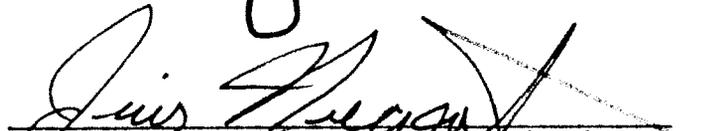
The Commission believes the best interests of the people of Texas will be served by approval of the subject application. Such action will cause gas well drilling to increase, thereby creating new jobs and adding to the state's tax base, deliverability and reserves.

THEREFORE, THE RAILROAD COMMISSION OF TEXAS hereby recommends to the FEDERAL ENERGY REGULATORY COMMISSION that the TRAVIS PEAK FORMATION in Texas be designated as a tight formation in accordance with the Commission's recommendation of October 26, 1981, or in the alternative, with the Commission's proposal as contained herein.

Issued in Austin, Texas, on Sept 12, 1983.

  
Mack Wallace, Chairman

  
Buddy Temple, Commissioner

  
James E. (Jim) Nugent, Commissioner

ATTEST:

  
Secretary