

Exxon plans gas wells in N. Texas

By ELIZABETH SOUDER
The Dallas Morning News

In the first announcement of Exxon's interest in gas exploration in North Texas, Harding Co. said Monday that it entered a partnership with the Irving-based company to develop gas wells in the Barnett Shale.

So far, the Barnett Shale has made the fortunes of smaller companies, while oil majors have largely sat on the sidelines, too big to meet with local city leaders and landowners to explain how a drilling program works.

A small firm with about a dozen employees, Harding has been performing such groundwork as it's quietly worked with Exxon in North Texas for about a year.

"We have the expertise in capturing the permits to drill, capturing the leases," said Harding president Rick Harding.

Under the venture, Exxon will take on the drilling and well completion duties, while Harding continues to work on permits and leases. The companies declined to give financial terms of the deal.

Harding said its affiliate, Cinco County Barnett Shale LLC, will work with Metroplex Barnett Shale LLC, a unit of Exxon.

The partnership is called DDJET Limited LLP, an acronym for the five counties where the company will initially develop gas wells: Dallas, Denton, Johnson, Ellis and Tarrant. DDJET could also develop wells in Collin, Navarro and Hill counties.

The cooperation between the two companies started about three years ago, with a



FILE/AP

Exxon and Harding will develop gas wells in eight counties: Tarrant, Johnson, Ellis, Dallas, Denton, Collin, Navarro and Hill.

discussion about an Exxon pipeline that went through the core area of the Barnett Shale.

Mr. Harding said he approached Exxon about using the pipeline to take natural gas to market. The 80-mile pipeline stretches from Keller to Corsicana.

"It's a long story, but long story short, Exxon Mobil had a pipeline that went through what we believe is the core area of horizontal drilling of Tarrant County," Mr. Harding said.

"There was a need that both parties had. The need was knowledge and then the asset. Once you blend that together, I think it was a match," he said.

The companies quietly struck a deal. Harding gained permits in Arlington, Grand Prairie, North Richland Hills and Midlothian to drill wells on behalf of the partnership. The company set up community meetings and helped some towns draft their drilling ordinances.

The Harding/Exxon partnership was even on the list of potential bidders for gas leases at Dallas/Fort Worth International Airport, but the companies didn't submit an official bid.

Then in December, Exxon filed documents with the Texas Railroad Commission about a new company called Metroplex Barnett Shale. According to filings, Metroplex, led by Exxon's vice president for the Americas, William Drennen, filed for permits to drill in five locations.

Exxon said Metroplex owns 80 percent of the new ventures with Harding. Harding owns 14.5 percent, and Petrosearch Energy Corp. holds 5.5 percent.

The deal gives Exxon a way to tap the Barnett Shale without developing a program from scratch.

As the North Texas field has boomed, some analysts have questioned whether Exxon had ignored a gem in its own back yard.

When asked about small domestic opportunities during an interview last year, Exxon chief executive Rex Tillerson said small plays are often better suited to small companies.

"If it's small," he said, "we really have to ask ourselves: What's the best use of our people's talent?"

"If I've got a slate of opportunities, and we always do, we have a huge slate of opportunities, and have the choice of having people work on a 100 million barrel or ...

have them work on a 500 million [barrel] development, I'm going to put them on the 500 million [barrel] development," he said.