

March 6, 2007

**OIL AND GAS DOCKET NO. 06-0250626**

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**APPLICATION OF CABOT OIL & GAS CORPORATION TO CONSIDER A BLANKET EXCEPTION TO STATEWIDE RULE 10 FOR ALL CURRENT AND FUTURE WELLS OPERATED BY CABOT OIL & GAS CORPORATION IN THE MINDEN (COTTON VALLEY CONS.) AND MINDEN (TRAVIS PEAK CONS.) FIELDS, RUSK AND PANOLA COUNTIES, TEXAS**

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

**DATE OF HEARING:** February 27, 2007

**APPEARANCES:**

Dale E. Miller  
George C. Neale

**REPRESENTING:**

Cabot Oil & Gas Corporation  
El Paso E&P Company, L.P.

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

Cabot Oil & Gas Corporation requests exceptions to Statewide Rule 10 for all wells ever completed on leases it operates in the Minden (Cotton Valley Cons.) and Minden (Travis Peak Cons.) Field. Cabot also requests that the commingled wellbores be assigned to the Minden (Cotton Valley Cons.) Field for proration purposes. The examiner recommends approval of the requested Rule 10 authority.

**DISCUSSION OF THE EVIDENCE**

The Travis Peak in this area has been developed since the 1950's. In March 2006, the Commission approved consolidation of 62 fields into the Minden (Travis Peak Cons.) Field in Docket No. 06-0245877. There are 92 active wells in the consolidated field (oil and gas wells) and cumulative productive from all fields consolidated is 182 BCF of gas and 8 million BO. The gas field is currently AOF.

Similarly, the Commission approved consolidation of nine fields into the Minden (Cotton Valley Cons.) Field in September 2005 in Docket No. 06-0243684. There are 318 wells in the consolidated field and cumulative production from all fields consolidated is 71 BCF of gas. The field is non-associated and AOF status.

Most of the recent development has been in the Cotton Valley. Most of the Travis Peak intervals are depleted and operators generally add Travis Peak perforations after the Cotton Valley has depleted to 200-300 MCFD. Numerous Rule 10 exceptions have been granted for various Travis Peak and Cotton Valley fields in the area. For the two subject consolidated fields, 13 exceptions have been granted since October 2005. In September 2006 pursuant to Commission Order 06-0247946, El Paso Production Company was granted blanket Rule 10 downhole commingling authority for all leases/wells that it operates or will operate in the future in the subject fields.

No fluid compatibility problems have occurred in previously commingled wells. Cabot submitted a water analysis for the Cotton Valley/Travis Peak which indicates very little scaling tendencies. Any cross-flow which may occur will therefore not cause reservoir damage. Cabot does not expect any cross-flow to occur because the zones will not be commingled until the Cotton Valley zone pressure is depleted sufficiently to match the Travis Peak zone.

Cabot estimates that incremental reserves as a result of commingling are 20-50 MMCF of gas per well. This is a result of a lower combined economic limit. Cabot expects to commingle up to 13 wellbores. Expected initial commingled production is 300-500 MCFD in each commingled well.

It is requested that wells which are downhole commingled in the subject fields be assigned to the Minden (Cotton Valley Cons.) Field for proration purposes.

#### **FINDINGS OF FACT**

1. Notice of this hearing was issued to all operators in the Minden (Travis Peak Cons.) and Minden (Cotton Valley Cons.) Fields.
2. The Minden (Travis Peak Cons.) Field was formed in 2006 as a result of consolidating 62 fields. The Minden (Cotton Valley Cons.) Field was formed in 2005 as a result of consolidating nine fields.
3. There are 92 wells in the Minden (Travis Peak Cons.) Field and 318 wells in the Minden (Cotton Valley Cons.) Field. Both fields are AOF.
4. Downhole commingling of the Cotton Valley and Travis Peak is common. Numerous Rule 10 exceptions have been approved by the Commission in various fields in the past two years. In September 2006 pursuant to Commission Order 06-0247946, El Paso Production Company was granted blanket Rule 10 downhole commingling authority for all leases/wells that it operates or will operate in the future in the subject fields.
5. Cross-flow between the fields is not expected because wells will not be commingled until pressures are equalized. No fluid compatibility problems have been observed in previously commingled wells and water analysis indicates very little scaling tendencies.

6. Downhole commingling production from these fields will prevent waste because separate completions in the Travis Peak are generally not economic any more.
7. Incremental recovery as a result of commingling is estimated to be 20-50 MMCF per well. The initial producing rate of commingled wells is expected to be 300-500 MCFD.

**CONCLUSIONS OF LAW**

1. Proper notice was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval of the requested Rule 10 exceptions for all wells on leases operated by Cabot Oil & Gas Corporation in the Minden (Travis Peak Cons.) and Minden (Cotton Valley Cons.) Fields will prevent waste and will not harm correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends approval of the requested Rule 10 exceptions for all wells on leases operated by Cabot Oil & Gas Corporation in the Minden (Travis Peak Cons.) and Minden (Cotton Valley Cons.) Fields, as specified in the attached order.

Respectfully submitted,

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