

**THE APPLICATION OF KCS RESOURCES, INC. FOR BLANKET RULE 10 EXCEPTION  
IN THE CARTHAGE (COTTON VALLEY) AND JOAQUIN (TRAVIS PEAK) FIELDS,  
SHELBY COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler, Technical Examiner

**Hearing Date:** October 31, 2007

**Appearances:**

Rick Johnston

**Representing:**

KCS Resources, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

KCS Resources, Inc. requests exceptions to Statewide Rule 10 for all wells in the Carthage (Cotton Valley) and Joaquin (Travis Peak) Field. KCS requests that the commingled wellbores be assigned to the Carthage (Cotton Valley) Field for proration purposes.

This application was unopposed and the examiner recommends approval of the requested Rule 10 authority.

**DISCUSSION OF THE EVIDENCE**

The Joaquin (Travis Peak) Field was discovered in 1968 and several Travis Peak fields have been combined into the field. The field is non-associated-AOF and operates under rules providing for 640/optional 80 acre density and 660'-1,320' well spacing. There are 69 wells on the current proration schedule.

The Carthage (Cotton Valley) Field was also discovered in 1968. This field is classified as associated-AOF and operates under rules providing for 320/optional 40 acre density and 467'-933' well spacing. There are over 2,700 wells on the current proration schedule for this field.

The Commission has administratively approved seven Rule 10 exceptions for the subject fields since March 2007. Numerous Rule 10 exceptions have also been granted for various combinations of Cotton Valley and Travis Peak fields in East Texas.

No fluid compatibility problems have occurred in previously commingled wells. KCS submitted water analyses for the Cotton Valley, Travis Peak, and combination samples. The analyses indicates no scaling tendencies and no fluid incompatibility. Any cross-flow which may occur will therefore not cause reservoir damage.

KCS estimates that incremental reserves as a result of commingling are approximately 70 MMCF of gas per well. This incremental production is a result of a lower combined economic limit.

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

### **FINDINGS OF FACT**

1. Notice of this hearing was issued to all operators in the Joaquin (Travis Peak) and Carthage (Cotton Valley) Fields.
2. The Joaquin (Travis Peak) Field was discovered in 1968 and several Travis Peak fields have been combined into the field.
  - a. The field is non-associated-AOF and operates under rules providing for 640/optional 80 acre density and 660'-1,320' well spacing.
  - b. There are 69 wells on the current proration schedule.
3. The Carthage (Cotton Valley) Field was discovered in 1968.
  - a. The field is classified as associated-AOF and operates under rules providing for 320/optional 40 acre density and 467'-933' well spacing.
  - b. There are over 2,700 wells on the current proration schedule for this field.
4. Downhole commingling of the Cotton Valley and Travis Peak has been approved by the Commission for various Travis Peak and Cotton Valley fields. The two subject fields have had 7 Rule 10 exceptions granted since March 2007.
5. Cross-flow between the fields is not expected. Should cross-flow occur, there will be no resulting waste because the produced fluids are compatible.
6. Downhole commingling production from these fields will result in the incremental recovery of approximately 70 MMCF of gas per well.

**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 Joaquin (Travis Peak) and Carthage (Cotton Valley) 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 in the Joaquin (Travis Peak) and Carthage (Cotton Valley) Fields, as specified in the attached order.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner