

October 7, 2008

OIL AND GAS DOCKET NO. 06-0258760

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

HEARD BY: Andres J. Trevino, P.E.

DATE OF HEARING: October 2, 2008

APPEARANCES:

Dale E. Miller

REPRESENTING:

Cabot Oil and Gas Corporation

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

Cabot Oil and Gas Corporation requests exceptions to Statewide Rule 10 for all wells presently or ever completed on leases it operates in the Brachfield, S.E. (Cotton Valley) and Minden (Travis Peak Cons.) Field. Cabot requests to place all gas wells commingled in the Brachfield, S.E. (Cotton Valley) Field and oil wells be placed in the Minden (Travis Peak Cons.) Field for proration purposes. It is also proposed that the authority be granted to any successors of the subject operator. 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 104 active wells in the consolidated field (oil and gas wells) and cumulative productive from all fields consolidated is 67.1 BCF of gas and 4.27 million BO. The Travis Peak is found in Goodrich Petroleum's Rice Well No. 2 from 6,980 feet to 9,120 feet. The gas field is currently AOF.

The Brachfield, S.E. (Cotton Valley) Field was discovered in 1981. There are 168 wells in the field and cumulative production from the field is 42.4 BCF of gas and 535.1 MBC. The Cotton Valley is found in Goodrich Petroleum's Rice Well No. 2 from 9,120 feet to 10,480 feet. 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. There have been twenty Rule 10 exceptions

granted for the Brachfield, S.E. (Cotton Valley) and Minden (Travis Peak Cons.) Fields in the area since 2008.

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 700 MMCF of gas per well. This is a result of a lower combined economic limit.

It is requests that the commingled wellbores that may be classified as gas be assigned to the Brachfield, S.E. (Cotton Valley) Field for proration purposes and wells that may be classified as oil be assigned to the Minden (Travis Peak Cons.) Field for proration purposes. The Brachfield, S.E. (Cotton Valley) Field in classified as Non-Associated and the Minden (Travis Peak Cons.) Field is classified as Associated-Prorated. Designating the oil wells to the Minden (Travis Peak Cons.) will insure against the possibility of the Brachfield, S.E. (Cotton Valley) Field being subject to Statewide Rule 49-b allowables.

FINDINGS OF FACT

1. Notice of this hearing was issued to all operators in the Brachfield, S.E. (Cotton Valley) and Minden (Travis Peak Cons.) Fields.
2. The Minden (Travis Peak Cons.) Field was formed in 2006 as a result of consolidating 62 fields. The Brachfield, S.E. (Cotton Valley) Field was discovered in 1981.
3. There are 168 wells in the Brachfield, S.E. (Cotton Valley) Field and 104 wells in the Minden (Travis Peak Cons.) Field. Both fields are AOF.
4. Downhole commingling of the Cotton Valley and Travis Peak is common in this area. Numerous Rule 10 exceptions have been approved by the Commission in various fields in the past two years. Twenty Rule 10 exceptions have been approved for the Brachfield, S.E. (Cotton Valley) Field and the Minden (Travis Peak Cons.) Field.
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 700 MMCF 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 on leases operated by Cabot Oil and Gas Corporation in the Brachfield, S.E. (Cotton Valley) and Minden (Travis Peak 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 and Gas Corporation in the Brachfield, S.E. (Cotton Valley) and Minden (Travis Peak Cons.) Fields, as specified in the attached order.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner
Office of General Counsel