



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 06-0247094

THE APPLICATION OF EL PASO PRODUCTION COMPANY TO AMEND THE ALLOCATION FORMULA FOR THE MINDEN (TRAVIS PEAK CONS.) FIELD, RUSK AND PANOLA COUNTIES, TEXAS

Heard by: Donna K. Chandler on May 3, 2006

Appearances:

George Neale
Cary McGregor

Representing:

El Paso Production Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

El Paso Production Company requests that Rules 4a and 4b of the field rules for the Minden (Travis Peak Cons.) Field be amended. The rules were adopted in Final Order No. 06-0245877, effective March 28, 2006 and provide for allocation based on 95% potential/deliverability and 5% per well. El Paso requests that the rules be amended to provide for 25% acreage and 75% deliverability/potential.

The Notice of Hearing issued to the operators in the field reflected El Paso's initial request of allocation based on 95% acreage and 5% deliverability/potential. At the hearing, El Paso amended its request based on negotiations with other operators.

This application was unopposed and the examiner recommends that the allocation formula for the Minden (Travis Peak Cons.) Field be amended to provide for 75% deliverability/potential and 25% acreage.

DISCUSSION OF EVIDENCE

The Minden (Travis Peak Cons.) Field was established effective March 28, 2006 by Final Order No. 06-0245877. This order consolidated 62 Travis Peak Fields. There are more than 500 oil and gas wells in the field. The designated interval for the field is over 1,800 feet.

Drainage areas for wells in the field vary significantly, which was the basis for the adoption of 640/optional 40 acre density for the gas field and 160/optional 40 acre density

for the oil wells. In the recent consolidation hearing, El Paso had not requested that area be a factor in the allocation formula. After further consideration, El Paso believes that the allocation formula for the field should include a 25% acreage factor and a 75% deliverability/potential factor. El Paso believes that this proposed allocation formula will more effectively protect correlative rights than a per well factor.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Minden (Travis Peak Cons.) Field was formed effective March 28, 2006 as a result of the consolidation of 62 fields. The allocation formula adopted for the consolidated field is currently based on 95% deliverability/potential and 5% per well.
3. Including an acreage factor in the allocation formula for the field will more effectively protect correlative rights.
 - a. Wells in the field have significantly varying drainage areas.
 - b. Field rules for gas wells provide for 640/optional 40 acre density. Field rules for oil wells provide for 160/optional 40 acre density.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Amending the allocation formula for the Minden (Travis Peak Cons.) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission amend Rules 4a and 4b of the field rules for the Minden (Travis Peak Cons.) Field as proposed by El Paso Production Company.

Respectfully submitted,


Donna K. Chandler
Technical Examiner