

**THE APPLICATION OF EL PASO E & P COMPANY, LP TO CONSIDER AN EXCEPTION TO STATEWIDE RULE 10 FOR THE KANGERGA 2 WELL NO. 5 IN THE MINDEN (COTTON VALLEY CONS.) AND MINDEN (TRAVIS PEAK CONS.) FIELDS, RUSK COUNTY, TEXAS**

---

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

**Hearing Date:** February 14, 2008

**Appearances:**

**Representing:**

George Neale  
Cary McGregor

El Paso E & P Company, LP

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

El Paso E & P Company, LP requests an exception to Statewide Rule 10 to downhole commingle production from the Minden (Cotton Valley Cons.) and Minden (Travis Peak Cons. Fields in its Kangerga 2 Well No. 5. A hearing was required because the royalty and working interests in the two fields are not identical.

All non-identical owners were notified of this hearing and no protests were entered. The examiner recommends approval of the exception and proposed allocation method.

**DISCUSSION OF EVIDENCE**

On September 12, 2006, the Commission approved exception to Statewide Rule 10 for all wells operated by El Paso E & P Company, LP for the Minden (Cotton Valley Cons.) and Minden (Travis Peak Cons.) Fields. This action was taken in Docket No. 06-0247946. The Kangerga 2 No. 5 well could not be downhole commingled under this authority due to differences in ownership of the two fields.

The Kangerga 2 Well No. 5 was completed in the Minden (Cotton Valley Cons.) Field in May 2007 with perforations between 9,596 feet and 10,700 feet. In November 2007, a bridge plug was set at 8,590 feet and the Minden (Travis Peak Cons.) Field was perforated between 7,404 and 7,414 feet.

In February 2008, the bridge plug was removed and a production log was run on March 10, 2008. The production log showed that 77.4% of the gas production was from the Cotton Valley while 22.6% of the gas production was from the Travis Peak. For the condensate production, El Paso used the Cotton Valley production from May 2007 through October 2007 to determine that the condensate yield from the Cotton Valley is 10.3 BC per

MMCF of gas. El Paso requests that production from the well be allocated to the two fields based on the production log and condensate yield.

Commingling the two fields will maximize recovery from the well. Many Rule 10 exceptions have been granted by the Commission for these two fields. It is expected that the Cotton Valley production will aid in lifting liquids produced from the Travis Peak. Combined production from the well is 400-500 MCFD.

There are various non-identical interests owners in the Kangerga 2 No. 5. Notice of this hearing was sent to all offsetting operators and all non-identical interest owners. Notice was also published in the *Henderson Daily News*, a newspaper of general circulation in Rusk County, on January 14, 21, 28 and February 4, 2008.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all affected persons at least ten days prior to the date of hearing. Notice was also published in the *Henderson Daily News*, a newspaper of general circulation in Rusk County, on January 14, 21, 28 and February 4, 2008. No protests were received.
2. El Paso E & P Company, LP completed the Kangerga 2 No. 5 in the Minden (Cotton Valley Cons.) Field in May 2007. In November 2007, the well was recompleted to the Minden (Travis Peak Cons.) Field.
3. In February 2008, the bridge plug between the two zones was removed and a production log was run.
4. Commingled production from the well is 400-500 MCFD.
5. In Docket No. 06-0247946, the Commission authorized downhole commingling of the Minden (Cotton Valley Cons.) Field and the Minden (Travis Peak Cons.) Field for all wells operated by El Paso.
6. There are non-identical interest owners in the Minden (Cotton Valley Cons.) Field and the Minden (Travis Peak Cons.) Field.
7. The wellbore is a permitted regular location in both fields.
8. El Paso's proposed method of allocation production to the two zones is reasonable.
  - a. The production log run in March 2008 showed that 77.4% of the gas production was from the Cotton Valley while 22.6% of the gas production was from the Travis Peak.
  - b. The condensate yield from the Cotton Valley from May 2007 through October 2007 was 10.3 BC per MMCF of gas. All other condensate production is attributable to the Travis Peak.

**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. Approval of the requested Rule 10 exception is necessary to prevent waste and will not harm correlative rights of mineral owners in the well.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends that a Rule 10 exception be approved for the Kangerga 2 Well No. 5 in the Minden (Cotton Valley Cons.) and Minden (Travis Peak Cons.) Fields.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner