

**APPLICATION OF SAMSON LONE STAR, LLC TO AMEND FIELD RULE NO. 2 IN THE WASKOM (COTTON VALLEY) FIELD AND CONSIDER A BLANKET EXCEPTION TO STATEWIDE RULE 10 FOR ALL CURRENT AND FUTURE WELLS IN THE WASKOM (COTTON VALLEY) AND WASKOM (HAYNESVILLE) FIELDS, HARRISON, MARION AND PANOLA COUNTIES, TEXAS**

---

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

**DATE OF HEARING:** April 17, 2009

**APPEARANCES:**  
James M. Clark

**REPRESENTING:**  
Samson Lone Star, LLC

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

Samson Lone Star, LLC requests that Rule 2 be amended for the Waskom (Cotton Valley) Field to allow offsite penetration. Samson also requests exceptions to Statewide Rule 10 for any well presently or ever completed in the Waskom (Cotton Valley) and Waskom (Haynesville) Fields. Samson requests that the commingled vertical wellbores be assigned to the Waskom (Cotton Valley) Field and horizontal wellbores be assigned to the Waskom (Haynesville) Field for proration purposes. The examiner recommends approval of the requested amended field rule and Blanket Rule 10 authority.

**DISCUSSION OF THE EVIDENCE**

The Waskom (Cotton Valley) Field's designated interval of 7,720' to 11,095' was adopted by Oil & Gas Docket 06-0252470, effective January 28, 2008 when the Elysian, N. (Cotton Valley) Field was consolidated into the field. The interval included Cotton Valley Sands and the Bossier/Haynesville Shale. The Waskom (Cotton Valley) Field's designated interval was later amended to exclude the Bossier/Haynesville Shale from the designated interval. The Bossier and Haynesville Shale is the same shale formation. The Waskom (Cotton Valley) Field's current designated interval of 7,720' to 9,400' was adopted by Oil & Gas Docket 06-0258678, effective October 7, 2008 that excludes the Haynesville Shale. The designated interval was amended to allow separate development of the Cotton Valley and the Haynesville Shale as the Cotton Valley is generally developed with vertical wells and the Haynesville is generally developed with horizontal wells.

Samson is requesting that any well completed in both the Haynesville and Cotton Valley be allowed to be commingled. Vertical wells completed in the Haynesville require commingling with the Cotton Valley to be economic. Horizontal wells completed in the Haynesville are economic without the commingling with the Cotton Valley, but can be commingled after the Haynesville is depleted. Wells originally completed in the Waskom (Cotton Valley) with perforations in the Haynesville were left with orphaned perforations when the Haynesville was removed from the designated interval. The Waskom (Cotton Valley) and Woodlawn (Cotton Valley) Fields are currently blanket commingled with Carthage, N. (Bossier/Haynesville) Field.

No fluid compatibility problems have occurred in previously commingled wells. Any cross-flow which may occur will therefore not cause reservoir damage. Samson does not expect any cross-flow to occur because the zones will have similar bottom hole pressures prior to commingling.

It is requested that the commingled vertical wellbores be assigned to the Waskom (Cotton Valley) Field and horizontal wells be assigned to the Waskom (Haynesville) Field for proration purposes.

Samson requests that Rule 2 for the subject field provide for off-lease penetration points and add the requirement that a permit or an amended permit be required for all take points closer to the lease line than the minimum lease line spacing. Statewide Rule 86 requires that the penetration point of a horizontal drainhole be on the lease. In some cases, it is beneficial to penetrate the reservoir off lease, while still having "take points" no closer to lease lines than allowed under the field rules. The Waskom (Cotton Valley) Field is currently being developed with horizontal wells, primarily in the Taylor Sands in the lower portion of the Cotton Valley. The proposed rules will allow a longer length of producing drainhole, resulting in the recovery of additional reserves. Similar rules allowing offsite penetration points have been adopted in other fields, after notice to the mineral owners of the off-lease tract on which the penetration point is to be located and if no protest is received. The Waskom (Haynesville) Field allows off lease penetration similar to other formations being developed with horizontal wells such as the Granite Wash and Cotton Valley and Barnett Shale.

Samson provided notice of this hearing to all operators in all of the subject fields. No one appeared at the hearing to protest the application.

#### **FINDINGS OF FACT**

1. Notice of this hearing was issued to all operators in the Waskom (Cotton Valley) and Waskom (Haynesville) Fields.

2. The Waskom (Cotton Valley) Field's original designated interval of 7,720' to 11,095' included the Haynesville Shale. It was first adopted by Oil & Gas Docket 06-0252470, effective January 28, 2008 when the Elysian, N. (Cotton Valley) Field was consolidated into the field.
3. The Waskom (Cotton Valley) Field's current designated interval of 7,720' to 9,400' excludes the Haynesville Shale and was adopted by Oil & Gas Docket 06-0258678, effective October 7, 2008.
4. Wells originally completed in the Waskom (Cotton Valley) with perforations in the Haynesville were left with orphaned perforations when the Haynesville was removed from the designated interval.
5. The Waskom (Cotton Valley) and Woodlawn (Cotton Valley) Fields are currently blanket commingled with Carthage, N. (Bossier/Haynesville) Field.
6. Cross-flow between the fields is not expected because bottomhole pressures will be similar prior to commingling.
7. Downhole commingling wells in these fields will lower the economic limit and thereby increase recovery and will prevent waste.
8. Operators in the Waskom (Cotton Valley) Field and other Cotton Valley fields are beginning to develop the fields with horizontal wells.
9. Allowing off-lease penetration points, after notice to mineral owners of the offsite tract, will result in maximum producing drainhole length, thereby increasing ultimate recovery from horizontal drainhole wells.
10. Field rules for the Waskom (Haynesville) Field include rules for horizontal well development including off-lease penetration.

#### **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 in Waskom (Cotton Valley) and Waskom (Haynesville) Fields will prevent waste and will not harm correlative rights.
4. Amending Field Rule No. 2 for the Waskom (Cotton Valley) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends approval of the requested amended Field Rule No. 2 in the Waskom (Cotton Valley)Field and Rule 10 exceptions for all wells in the Waskom (Cotton Valley) and Waskom (Cotton Valley) Fields, as specified in the attached order.

Respectfully submitted,

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