



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0282690

THE APPLICATION OF SAMSON LONE STAR, LLC TO AMEND FIELD RULES FOR
THE CARTHAGE, SE (CV) FIELD, PANOLA COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Laura Miles-Valdez - Legal Examiner

HEARING DATE: June 20, 2013

APPEARANCES: REPRESENTING:

APPLICANT:

James M. Clark

Samson Lone Star, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Carthage, SE (CV) Field were adopted in Final Order No. 6-73,109, issued effective October 1, 1979, as amended. The Field Rules are summarized as follows:

1. Designation of the field as the correlative interval from 8,263 feet to 9,558 feet as shown on the log of the Samson Lone Star, LLC - Werner Caraway Lease, Well No. 2 (API No. 42-365-32510);
2. 330'-0' well spacing with special provisions for "take points", 100' lease line spacing for the first and last take points, a 50' "box" rule and "off-lease" penetration point for horizontal drainhole wells;
3. 640 acre gas units with optional 40 acre density;
4. Allocation based on 100% acreage with AOF status;
5. Special provisions for "stacked laterals" in horizontal drainhole wells.

Samson Lone Star, LLC ("Samson") requests that the Field Rules be amended so that proration unit plats are not required for individual wells, but that Form P-15 be filed to designate the number of acres to be assigned to each well with no maximum diagonal limitation.

The application is unopposed and the examiners recommend that Field Rules for the Carthage, SE (CV) Field be amended, as proposed by Samson.

DISCUSSION OF EVIDENCE

The Carthage, SE (CV) Field was discovered in December 1975 at an average depth of 8,800 feet. The field is classified as non-associated-100% AOF and there are 26 producing gas wells and six operators carried on the gas proration schedule. The field operates under Field Rules that provide for 330'-0' well spacing and 640 acre gas units with optional 40 acre density. Cumulative production from the field through April 2013 is 50.6 BCFG and 843.9 MBO.

Samson is currently developing the Carthage, SE (CV) Field by drilling multiple horizontal drainhole wells from the same surface location. The horizontal drainhole wells are targeting productive intervals that can have up to 1,300 feet of vertical separation. On a plat, the horizontal drainhole wells from different surface locations intersect and cross, but are not in communication due to the vertical separation. The overlap is causing the drawing of proration unit plats to be impractical, as the Field Rules do not allow for the double assignment of acreage.

As a result, Samson requests that proration unit plats not be required for individual wells, but that Form P-15 be filed to designate the number of acres to be assigned to each well with no maximum diagonal limitation. Samson also requests that the allocation formula remain suspended, as there is a 100% market demand for all of the gas produced from the field.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of the hearing and no protests were received.
2. The Carthage, SE (CV) Field was discovered in December 1975 at an average depth of 8,800 feet.
 - a. The field is classified as non-associated-100% AOF and there are 26 producing gas wells and six operators carried on the gas proration schedule.

- b. The field operates under Field Rules that provide for 330'-0' well spacing and 640 acre gas units with optional 40 acre density.
3. Samson Lone Star, LLC is currently developing the Carthage, SE (CV) Field by drilling multiple horizontal drainhole wells from the same surface location.
 - a. The horizontal drainhole wells are targeting productive intervals that can have up to 1,300 feet of vertical separation.
 - b. On a plat, the horizontal drainhole wells from different surface locations intersect and cross, but are not in communication due to the vertical separation.
 - c. The overlap is causing the drawing of proration unit plats to be impractical, as the Field Rules do not allow for the double assignment of acreage.
4. The filing of Form P-15 to designate the number of acres to be assigned to each well for proration purposes with no proration unit plats will eliminate unnecessary paperwork.
5. Continued suspension of the allocation formula is appropriate, as there is a 100% market demand for all of the gas produced from the field.

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 Field Rules for the Carthage, SE (CV) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission amend Field Rules for the Carthage, SE (CV) Field, as proposed by Samson Lone Star, LLC.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Laura Miles-Valdez
Legal Examiner