

**THE APPLICATION OF SAMSON LONE STAR, LLC TO CONSIDER NET GOR
AUTHORITY FOR HUXLEY (FREDRICKSBURG) FIELD, SHELBY COUNTY, TEXAS**

Heard by: Donna K. Chandler on November 7, 2008

Appearances:

Jim Clark

Representing:

Samson Lone Star, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Samson Lone Star, LLC requests net gas-oil ratio authority for all wells in the Huxley (Fredricksburg) Field such that the oil allowable for wells shall not be penalized due to high gas-oil ratio. Samson requests that the current casinghead allowable of 4.2 MCF per acre remain in effect.

This application was unopposed and the examiner recommends approval of the requested net gas-oil ratio authority.

DISCUSSION OF EVIDENCE

The Huxley (Fredricksburg) Field was discovered in 1986. Wells produced from the field from 1986-1989 and there was no additional production until 2003 when horizontal drilling began in the field. There are currently 16 oil wells and 2 gas wells in the field, all of which are horizontal except one. The top allowable in the field is 84 BOPD for a well on 40 acres and allocation is based on 100% acreage. One well, the Dino No. 1H, was recently assigned a casinghead gas limit of 1,500 MCFD after hearing. The gas field is AOF status.

The Fredricksburg formation is naturally fractured and there is no gas cap/oil rim in the field. Horizontal wells typically have initial potentials with gas-oil ratios substantially in excess of 2,000 cubic feet per barrel. This results in the assignment of penalized oil allowables to these wells in their initial few months of production. None of the wells completed in the field have exceeded their assigned casinghead gas limit, which is 4.2 MCF per acre assigned to the well. The oil overage is generally made up fairly quickly, but Samson is requesting that oil allowables not be penalized due to high gas-oil ratio.

Restricting the oil production based on gas-oil ratio is not necessary to prevent waste or maximize recovery in this type of reservoir.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing.
2. The Huxley (Fredricksburg) Field was discovered in 1986. The top allowable in the field is 84 BOPD for a well on 40 acres. The casinghead gas limit is 168 MCFD, or 4.2 MCF per acre.
3. Since 2003, the field has been developed with 17 horizontal wells.
4. New horizontal wells typically have high gas-oil ratios, resulting in penalized oil allowables.
5. Restricting oil allowables due to high gas-oil ratio is not necessary to prevent waste because the reservoir is naturally fractured with no gas cap/oil rim.

CONCLUSIONS OF LAW

1. Notice of this hearing was given as specified in the provisions of all regulatory codes.
2. All things have occurred or been accomplished to give the Commission jurisdiction in this matter.
3. Approval of net gas-oil ratio authority for each well in the Huxley (Fredricksburg) Field will not cause waste and will not harm correlative rights.

RECOMMENDATION

The examiner recommends that the each well in the Huxley (Fredricksburg) Field operate under net gas-oil ratio authority such that the oil allowable for a well is not penalized due to high gas-oil ratio. The casinghead gas limit shall continue to be 4.2 MCF per acre assigned to each well.

Respectfully submitted,

Donna K. Chandler
Technical Examiner