

October 20, 2005

OIL AND GAS DOCKET NO. 06-0244468

APPLICATION OF SAMSON LONE STAR, LP TO CONSIDER TEMPORARY FIELD RULES FOR THE DOUGLAS (JAMES LIME) FIELD, NACOGDOCHES COUNTY, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: October 18, 2005

APPEARANCES:

James M. Clark

REPRESENTING:

Samson Lone Star LP.

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Samson Lone Star LP for the Commission to consider temporary field rules for the Douglas (James Lime) Field that provide for:

1. The entire correlative interval from 8,515' to 8,678' subsurface depth as shown on the Array Induction Dual Spaced Neutron Spectral Density log of the Samson Lone Star LTD, Partnership, Douglas GU 6 Lease Well No. 6, M. Delos Santos Coy Survey, A-21, Nacogdoches County, Texas should be recognized and designated as the Douglas (James Lime) Field.
2. Minimum well spacing of 467'/1200' (lease line/between well from vertical wells); 100' from penetration point and terminus point and 1200' perpendicular for horizontal drainhole lateral, no between well spacing between a vertical well and a horizontal drainhole well.
3. 640 acre proration units with 10% tolerance (vertical well); and for horizontal wells the following acreage allocation formula: $A = (L \times 0.11488) + 640$.
4. An allocation formula based on 100% acreage.

It is also proposed that the allocation formula be suspended. The examiner recommends approval of the proposed temporary field rules.

DISCUSSION OF THE EVIDENCE

The Douglas (James Lime) Field was discovered April 25, 2005 at 8,590' subsurface depth. The discovery well for the field was the Samson Lone Star, Douglas GU 7B Well No. 1-H. Samson Lone Star is the only operator in the field with one recently completed horizontal drainhole well, one horizontal drainhole well in the final stages of completion and a drilling permit for another horizontal drainhole well.

There are several James Lime Fields in the area: La Nana Bayou (James Lime), Loco Bayou (James Lime), and the Kendrick (James) Fields. The James Lime is a naturally, vertically fractured carbonate formation. The fracture system has a definite strike orientation and horizontal drainhole wells are drilled perpendicular to the fracture system orientation for the purpose of encountering as many fracture systems as possible. The horizontal drainhole wells are drilled with multiple laterals. It is proposed that the entire correlative interval from 8,515' to 8,678' subsurface depth as shown on the Array Induction Dual Spaced Neutron Spectral Density log of the Samson Lone Star LTD, Partnership, Douglas GU 6 Lease Well No. 6, M. Delos Santos Coy Survey, A-21, Nacogdoches County, Texas should be recognized and designated as the Douglas (James Lime) Field. The type log well is a vertical well that is very near the discovery well but completed in a deeper horizon. It provides a clear depiction in the vertical James Lime interval.

The proposed minimum well spacings rule, density rule and allocation formula rule should provide for the orderly development of the field and the effective and efficient depletion of the reservoir. The proposed temporary field rules are identical to the special field rules adopted for the La Nana Bayou (James Lime) Field (Order No. 06-0226308), Loco Bayou (James Lime) Field (Order No. 06-0229749), and the Kendrick (James) Field (Order No. 06-0228268). Samson anticipates that wells in the subject field will produce and have drainage patterns similar to the wells in these fields.

Samson Lone Star proposes that the allocation formula be suspended as it is the only operator in the field and has a market for 100% of the produced gas.

FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Douglas (James Lime) Field was discovered April 25, 2005 at 8,590' subsurface depth. The discovery well for the field was the Samson Lone Star, Douglas GU 7B Well No. 1-H.
4. The entire correlative interval from 8,515' to 8,678' subsurface depth as shown on the Array Induction Dual Spaced Neutron Spectral Density log of the Samson Lone Star LTD, Partnership, Douglas GU 6 Lease Well No. 6, M. Delos Santos Coy Survey, A-21, Nacogdoches County, Texas should be recognized and designated as the Douglas (James

Lime) Field.

5. There are several James Lime Fields in the area: La Nana Bayou (James Lime), Loco Bayou (James Lime), and the Kendrick (James) Fields.
 - a. The James Lime is a naturally, vertically fracture carbonate formation with a definite strike orientation and horizontal drainhole wells are drilled perpendicular to the fractured system orientation for the purpose of encountering as many fracture systems as possible.
6. The proposed minimum well spacings rule, density rule and allocation formula rule should provide for the orderly development of the field and the effective and efficient depletion of the reservoir.
 - a. The proposed temporary field rules are identical to the special field rules adopted for the La Nana Bayou (James Lime) Field (Order No. 06-0226308), Loco Bayou (James Lime) Field (Order No. 06-0229749), and the Kendrick (James) Field (Order No. 06-0228268).
 - b. Samson anticipates that wells in the subject field will produce and have drainage patterns similar to the wells in these fields.
7. Samson Lone Star proposes that the allocation formula be suspended as it is the only operator in the field and has a market for 100% of the produced gas.

CONCLUSIONS OF LAW

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Consideration of temporary field rules, a determination of their effectiveness and appropriate actions is a matter within the Commission jurisdiction.
4. Adoption of the proposed temporary field rules will prevent waste, foster conservation and protect correlative rights.
5. The subject field meets all the criteria established for suspension of the allocation formula under Statewide Rule 31(j).

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed temporary field rules for the Douglas (James Lime) Field subject to Commission review in eighteen (18) months.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel