

October 18, 2007

OIL AND GAS DOCKET NO. 06-0253202

THE APPLICATION OF SAMSON LONE STAR, LLC TO ADOPT FIELD RULES FOR THE MARTINSVILLE (TRAVIS PEAK) FIELD, NACOGDOCHES COUNTIES, TEXAS

Heard by: Andres J. Trevino, P.E. Technical Examiner

Hearing Date: September 26, 2007

Appearances:

Representing:

James M. Clark

Samson Lone Star, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The Martinsville (Travis Peak) Field currently operates under Statewide rules. Samson Lone Star, LLC requests that the following rules be adopted for the field :

1. Designation of the field as the correlative interval from 8,800 feet to 11,285 feet as shown on the log of the Manuel Herrera No. 1;
2. 467'-660' well spacing;
3. Allocation based on 95% deliverability and 5% per well.

Samson also requests that the allocation formula for the field remain suspended.

This application was unopposed and the examiner recommends that the field rules for the Martinsville (Travis Peak) Field be adopted as requested.

DISCUSSION OF EVIDENCE

The Martinsville (Travis Peak) Field was discovered in 1982 at a depth of 8,980 feet. The field is a non-associated gas field with 17 active wells. Current deliverabilities average 580 MCFD per well. Cumulative production from the field is 4.55 BCF of gas and 22,142 BC. The allocation formula has been suspended since 1995.

Samson requests that the spacing rule be amended to provide for a minimum of 467 feet from lease lines and 660 feet between wells. This will allow flexibility in locating wells on the rugged/uneven terrain over the field. Half of the wells drilled in the field had to be directionally drilled in order to get a regular location due to the sloping terrain and lack of suitable sites. Directionally drilling a well adds approximately \$150,000 to \$250,000 to the cost of the well. By amending the between well spacing from 1,200 feet to 660 feet costs will be saved which will encourage field development. Additionally, the productive sands are lenticular and not continuous from well to well. The spacing flexibility will allow optimum placing within the reservoir.

The designated interval for this field will be from 8,800 feet to 11,285 feet as shown on the log of the Manuel Herrera No. 1 be designated as the Martinsville (Travis Peak) Field. This interval includes the entire Travis Peak formation and is composed of multiple lenticular accumulations of hydrocarbons. A two factor allocation formula is therefore appropriate for the field. Samson requests that allocation formula remain based on 95% deliverability and 5% per well and that the allocation formula remain suspended as there remains a 100% demand for all 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 hearing.
2. The Martinsville (Travis Peak) Field was discovered in 1980.
3. The field is a non-associated gas field. Statewide Rules govern the field and provide for 467'-1,200' well spacing, 40 acre density and 100 % AOF.
4. There are 17 active gas wells in the field.
5. The correlative interval from 9,200 feet to 12,000 feet as shown on the log of the Manuel Herrera No. 1 includes the entire Travis Peak interval.
6. The terrain over the field is rugged and sloping, level drilling sites are hard to find.

7. Spacing a minimum of 467 feet from lease lines and 600 feet between wells will allow the flexibility in locating wells on the rugged/uneven terrain over the field without the need for Rule 37 exceptions or the need to directionally drill a well.
8. The Martinsville (Travis Peak) Field is composed of multiple lenticular accumulations of hydrocarbons. A two factor allocation formula is therefore appropriate for the field. Samson requests that allocation based on 95% deliverability and 5% per well and that the allocation formula remain suspended.

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 the field rules for the Martinsville (Travis Peak) Field is necessary to prevent waste and protect correlative rights.
4. Continued suspension of the allocation formula is pursuant to Statewide Rule 31(j).

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the field rules for the Martinsville (Travis Peak) Field be adopted and the allocation formula remain suspended as requested by Samson Lone Star, LLC.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner