

**THE APPLICATION OF SAMSON LONE STAR LLC TO AMEND THE FIELD RULES FOR THE MENDOTA, NW. (GRANITE WASH) FIELD, HEMPHILL AND ROBERTS COUNTIES, TEXAS**

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**Heard by:** Richard D. Atkins, P.E. - Technical Examiner

**Hearing Date:** August 6, 2008

**Appearances:**

**Representing:**

Glenn E. Johnson  
James M. Clark

Samson Lone Star LLC

Sandra Buch

Devon Energy Production Company

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field rules for the Mendota, NW. (Granite Wash) Field were originally adopted on January 29, 1979 in Docket No. 10-71,103. The rules currently in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 9,360 feet to 10,814 feet as shown on the log of the Flowers Trust "A" No. 2;
2. 467' spacing to lease lines for horizontal and vertical wells, 467' spacing between vertical wells and vertical and horizontal wells, no minimum between-well spacing requirement between horizontal wells and special provisions for "take points";
3. 160 acre/optional 80 acre density and special provisions for Rule 38 exceptions after notice;
4. Special provisions for stacked lateral wells;
5. Allocation based on 75% deliverability/potential and 25% per well with AOF status;
6. Net gas-oil ratio authority with a daily gas limit of 1,200 MCF per well.

Samson Lone Star LLC requests that the field rules be amended to provide for well spacing of 467 feet from lease lines and no minimum between-well spacing and to amend the field rule providing for stacked horizontal laterals. At the hearing, Devon Energy Production Company objected to the no minimum between-well spacing. After the hearing, Samson withdrew their no minimum between-well spacing request.

The amended application was unopposed and the examiner recommends that the field rules for the Mendota, NW. (Granite Wash) Field be amended as proposed.

### **DISCUSSION OF EVIDENCE**

The Mendota, NW. (Granite Wash) Field was discovered in December 1965 and there are currently over 200 gas wells producing from the field. Average production is about 3.0 BCFG per month. Cumulative production from the field is 88.2 BCFG and 2.2 MMBO. The field is classified as associated prorated with AOF status. There are 19 oil wells carried in the field.

The gross interval of the Granite Wash is continuous across the Mendota, NW. (Granite Wash) Field area. The middle pay interval, the "B" member, is relatively continuous, but the upper interval, the "A" member, and the lower interval, the "C" member, are lenticular and very often discontinuous from well to well. Horizontal drilling in the Mendota, NW. (Granite Wash) Field since 2003 has resulted in increased production from 300 MMCFG per month in 2003 to over 3 BCFG per month in 2008. The Granite Wash formation in the Mendota, NW. Field is comparable to the Hemphill Field located three miles to the southeast and the Buffalo Wallow Field located six miles to the southeast.

Samson submitted a drainage area study performed by Patina Oil & Gas Corp., LP on 100 wells in the Buffalo Wallow Field. On average, a well will recover approximately 1 BCFG and have a drainage area of 12.5 acres. In addition, 89 of the 100 wells studied will have a drainage area of less than 20 acres. Samson also submitted two examples where offset wells were drilled 238 feet and 306 feet from the initial well after several years of production. The offset wells will recover equal to or greater reserves than the initial wells.

The Mendota, NW. Field is already governed by rules for "stacked lateral" wells. However, due to surface limitations, Samson requests to increase the surface distance between wells from 200 feet to 250 feet. It is proposed that a stacked lateral be defined to be multiple horizontal drainholes which are drilled (1) from different surface locations on the same lease unit no more than 250 feet from each other at the surface and (2) no more than 300 feet from each other in a horizontal plane within the correlative interval.

Samson requests that production from each lateral assigned to a stacked lateral wellbore continue to be reported separately. This separate production report is a supplement to the PR report for the stacked lateral well. The Commission's compliance section designed a form for use in conjunction with this reporting and it is already being used in the Mendota, NW. 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 Mendota, NW. (Granite Wash) Field was discovered in December 1965 and there are currently over 200 gas wells producing from the field. Average production is about 3.0 BCFG per month. Cumulative production from the field is 88.2 BCFG and 2.2 MMBO.
3. Field rules for the Mendota, NW. (Granite Wash) Field provide for 467' spacing to lease lines for horizontal and vertical wells, 467' spacing between vertical wells and vertical and horizontal wells and no minimum between-well spacing requirement between horizontal wells.
4. Horizontal drilling in the Mendota, NW. (Granite Wash) Field since 2003 has resulted in increased production from 300 MMCFG per month in 2003 to over 3 BCFG per month in 2008.
5. The Granite Wash formation in the Mendota, NW. Field is comparable to the Hemphill Field located three miles to the southeast and the Buffalo Wallow Field located six miles to the southeast.
6. Samson submitted a drainage area study performed by Patina Oil & Gas Corp., LP on 100 wells in the Buffalo Wallow Field. On average, a well will recover approximately 1 BCFG and have a drainage area of 12.5 acres. In addition, 89 of the 100 wells studied will have a drainage area of less than 20 acres.
7. Samson also submitted two examples in the Buffalo Wallow Field where offset wells were drilled 238 feet and 306 feet from the initial well after several years of production. The offset wells will recover equal to or greater reserves than the initial wells.
8. Amending the "stacked lateral" rule for the Mendota, NW. (Granite Wash) Field to increase the surface distance between wells from 200 feet to 250 feet will eliminate any surface limitations in locating the stacked lateral drill sites.

**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 Mendota, NW. (Granite Wash) Field as proposed by Samson Lone Star LLC is necessary to prevent waste and protect correlative rights.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiner recommends that the field rules for the Mendota, NW. (Granite Wash) Field be amended as proposed by Samson Lone Star LLC.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner