



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0288413

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

HEARD BY: Karl Caldwell - Technical Examiner
Michael Crnich- Legal Examiner

HEARING DATE: May 13, 2014

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. The Field Rules were amended in Final Order No. 06-0282690, effective August 6, 2013. The current 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", 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 to include a dual lease line spacing rule for horizontal drilling. 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 51 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 January 2014 is 68.7 BCF of gas and 1,060,373 bbl of condensate.

The Carthage, SE (CV) Field is currently being developed by drilling horizontal drainhole wells. The subject field was discovered in 1975, while horizontal drilling in the field commenced in late 2010. Cumulative production from horizontal wells has already exceeded cumulative production from vertical wells in the subject field.

The proposed dual lease line spacing rule for horizontal drilling has been adopted in several Cotton Valley fields, including the McLeod, North (CV) Field which has dual 100'-330' lease line spacing for take points. Samson is requesting dual lease line spacing to be consistent with the spacing rules of other fields being developed with horizontal wells.

Samson requests a spacing rule requiring a minimum of 100 feet to the lease line from the first and last take points of a horizontal drainhole, with 330 feet from lease lines on all points on the drainhole perpendicular to the lease line. The 100-foot lease line spacing for the first and last take points allows maximum recovery from hydraulic fracture stimulation of the reservoir.

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 51

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. The Carthage, SE (CV) Field is currently being developed by drilling horizontal drainhole wells and cumulative production from horizontal wells exceeds the cumulative production from vertical wells.
4. 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 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,



Karl Caldwell
Technical Examiner



Michael Crnich
Legal Examiner