



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 03-0281778

THE APPLICATION OF SAMSON EXPLORATION, LLC TO CONSOLIDATE THE HARTBURG, S.E. (YEGUA EY1) AND HARTBURG, S.E. (YEGUA EY-2) FIELDS AND TO ADOPT FIELD RULES FOR THE PROPOSED HARTBURG, S.E. (YEGUA CONS.) FIELD, ORANGE COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Laura Miles-Valdez - Legal Examiner

DATE OF HEARING: May 14, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

James M. Clark

Samson Exploration, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Samson Exploration, LLC ("Samson") requests to consolidate the Hartburg, S.E. (Yegua EY1), ID No. 39429 600, and Hartburg, S.E. (Yegua EY-2), ID No. 39429 610, Fields into the proposed Hartburg, S.E. (Yegua Cons.) Field, ID No. 39429 550.

Samson requests that the following Field Rules be adopted for the proposed consolidated field:

1. Designated interval from 12,640 feet to 14,416 feet as shown on the log of the Samson Exploration, LLC - Hannah Lease, Well No. 1 (API No. 42-361-30837);
2. 467'-933' well spacing;
3. 40 acre gas units;
4. Allocation based on 95% deliverability and 5% per well with AOF status.

The application is unopposed and the examiners recommend approval of the field consolidation and adoption of Field Rules for the proposed Hartburg, S.E. (Yegua Cons.) Field, as requested by Samson.

DISCUSSION OF THE EVIDENCE

The Hartburg, S.E. (Yegua EY1) Field was discovered in October 1991 at an average depth of 12,500 feet. The field is classified as non-associated-100% AOF and operates under Statewide Rules. There are currently 8 producing gas wells and two operators carried on the proration schedule and Samson operates all of the active gas wells in the field. Cumulative production from the field through March 2013 is 15.0 BCFG and 1.5 MMBO.

The Hartburg, S.E. (Yegua EY-2) Field was discovered in June 1992 at an average depth of 12,900 feet. The field is classified as non-associated-100% AOF and operates under Statewide Rules. There are currently only 2 shut-in gas wells carried on the proration schedule and Samson is the only operator in the field. Cumulative production from the field through August 2012 is 9.6 BCFG and 571.6 MBO.

The two subject fields for consolidation are geographically intermingled and there are no other fields contained within the proposed correlative interval. Samson proposes that the correlative interval from 12,640 feet to 14,416 feet as shown on the log of the Samson Exploration, LLC - Hannah Lease, Well No. 1 (API No. 42-361-30837), E McLain Survey, A-449, Orange County, Texas, be considered a single field known as the Hartburg, S.E. (Yegua Cons.) Field. The correlative interval includes the Yegua EY 1 through 4 sand formations. All of the sands produce under a pressure depletion drive mechanism and are in the early stages of depletion. Additionally, the reservoir and fluid properties in all the sands are similar.

Samson is drilling infill development wells and requests the same 467'-933' well spacing for the consolidated field that currently exist in the two subject fields. Since both of the fields operate under Statewide Rules, Samson also requests 40 acre density for the consolidated field. Consolidation of the various sands into a single field will result in the recovery of additional reserves which would otherwise be uneconomic. Samson stated that producing all of the reservoirs simultaneously would reduce the abandonment rate for each zone and increase the ultimate recovery of hydrocarbons from all of the reservoirs.

To satisfy state statutes, Samson requests that a two factor allocation formula based on 95% deliverability and 5% per well be adopted for the field. Samson also requests that the allocation formula be 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 sent to all persons legally entitled to notice at least ten days prior to the date of hearing.
2. The Hartburg, S.E. (Yegua EY1) Field was discovered in October 1991 at an average depth of 12,500 feet.
 - a. The field is classified as non-associated-100% AOF and operates under Statewide Rules.
 - b. There are currently 8 producing gas wells and two operators carried on the proration schedule and Samson operates all of the active gas wells in the field.
3. The Hartburg, S.E. (Yegua EY-2) Field was discovered in June 1992 at an average depth of 12,900 feet.
 - a. The field is classified as non-associated-100% AOF and operates under Statewide Rules.
 - b. There are currently only 2 shut-in gas wells carried on the proration schedule and Samson is the only operator in the field.
4. The Hartburg, S.E. (Yegua Cons.) Field should be designated as the correlative interval from 12,640 feet to 14,416 feet as shown on the log of the Samson Exploration, LLC - Hannah Lease, Well No. 1 (API No. 42-361-30837), E McLain Survey, A-449, Orange County, Texas.
 - a. The two subject fields for consolidation are geographically intermingled and there are no other fields contained within the proposed correlative interval.
 - b. The correlative interval includes the Yegua EY 1 through 4 sand formations.
 - c. All of the sands produce under a pressure depletion drive mechanism and are in the early stages of depletion.
 - d. The reservoir and fluid properties in all the sands are similar.
 - e. Consolidation of the various sands into a single field will result in the recovery of additional reserves which would otherwise be uneconomic.

- f. Producing all of the sands simultaneously will reduce the abandonment rate for each zone and increase the ultimate recovery of hydrocarbons from all of the reservoirs.
5. Field Rules that provide for 467'-933' well spacing, 40 acre density and a classification as non-associated-100% AOF are appropriate for the consolidated field.
6. Allocation based on 95% deliverability and 5% per well is a reasonable formula which will protect correlative rights and meet statutory requirements.
7. 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 given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Consolidation of the two subject fields and adopting Field Rules for the proposed Hartburg, S.E. (Yegua Cons.) Field will prevent waste, protect correlative rights and promote development of the field.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve the field consolidation and adopt Field Rules for the proposed Hartburg, S.E. (Yegua Cons.) Field, as requested by Samson Exploration, LLC.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Laura Miles-Valdez
Legal Examiner