

THE APPLICATION OF SAMSON LONE STAR, LLC. TO CONSOLIDATE VARIOUS VICKSBURG AND FRIO FIELDS INTO THE (PROPOSED) LOPEZ RANCH (CONSOLIDATED) FIELD, BROOKS COUNTY, TEXAS

Heard by: Andres J, Trevino, P.E. on February 22, 2008

Appearances:

James M. Clark

Representing:

Samson Lone Star, LLC.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Samson Lone Star, LLC. requests that the 9 Vicksburg and Frio fields listed in Attachment "A" be consolidated into a new field to be known as the Lopez Ranch (Consolidated) Field.

Samson requests that the following rules be adopted for the consolidated field:

1. Designated interval from 8,200 feet to 11,205 feet as shown on the log of the B.A. Skipper, Jr. No. 12;
2. Well spacing a minimum of 467 feet from lease lines with 660 feet between-well spacing limitation;
3. 160 acre gas proration units plus 10% tolerance with 40 acre optional units;
4. Allocation based 5% per well and 95% deliverability.

This application was unopposed and the examiner recommends approval of Samson's request for field consolidation and field rules.

DISCUSSION OF THE EVIDENCE

The 9 fields which are the subject of this hearing were discovered beginning in 1964. The fields include Vicksburg and Frio sands which are in the late stage of depletion. All of the fields are non-associated gas fields and all but two operate under Statewide Rules. The Lopez Ranch (Vksbg F1) Field operates under rules providing for 467'- 660' well spacing and 80 acre density with 40 acre options. The Scott & Hopper, S. (9500) Field operates under rules providing for 467'- 933' well spacing and 160 acre density with 40 acre options.

There are a total of 41 wells listed on the proration schedules for the various fields. Cumulative production from the fields is about 225.2 BCF of gas and 3.3 MMBC.

Samson will drill additional wells within the depleted reservoirs targeting the various sands within the consolidated interval. Wells in this area are known to suffer from casing collapse over time. Producing multiple zones simultaneously increases gas recovery prior to a well experiences a premature casing collapse. Reducing the between-well spacing requirement will provide opportunities for infill drilling without the need for Rule 37 exceptions and is standard well spacing requirements for 40 acre well density.

Samson requests a density rule of 160 acre density with 40 acre optional units for the consolidated field. Drainage calculations performed in the fields show wells will drain between 25 to 120 acres.

Samson requests that the consolidated field be designated as the interval from 8,200 feet to 11,205 feet as shown on the log of the B.A. Skipper, Jr. No. 12. Consolidation of the various sands into a single field will result in the recovery of additional reserves which would otherwise be uneconomic.

The proposed consolidated field will consist of numerous sands. A two factor allocation formula based on 5% deliverability and 95% per well is requested for the consolidated field to meet statutory requirements.

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 subject fields proposed for consolidation were discovered beginning in 1964. All of the fields are non-associated gas fields and there are 41 wells listed in the fields at this time.
3. The 9 fields produce from Vicksburg and Frio sands which are in the late stage of depletion.
4. All of the fields except the Lopez Ranch (Vksbg F1) Field and the Scott & Hopper, S. (9500) Field operate under Statewide Rules.
5. Consolidation of the fields will not harm any of the reservoirs because of the similar reservoir and fluid properties.
6. Consolidation of the fields will result in the recovery of additional reserves from the various fields as a result of a lower combined economic limit. Additionally, mechanical problems (collapsed casing) in the area requires the simultaneous production of multiple zones necessary to recover maximum reserves.

7. The Lopez Ranch (Consolidated) Field should be designated as the correlative interval from 8,200 feet to 11,205 feet as shown on the log of the B.A. Skipper, Jr. No. 12.
8. The proposed 467'/660' well spacing rule for the consolidated field will provide flexibility in drilling infill wells for completion in the various Vicksburg and Frio sands.
9. A density rule providing for 160 acre density with optional 40 acres is appropriate for the consolidated field as drainage calculations estimate some wells will drain between 25 to 120 acres and to better target potential reserves within the various sands.
10. Allocation based 5% per well and 95% on deliverability will protect correlative rights and satisfy statutory requirements.

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 fields as proposed by Samson Lone Star, LLC. is necessary to prevent waste and protect correlative rights.
4. The proposed field rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the nine subject fields be consolidated into a new field to be known as the Lopez Ranch (Consolidated) Field and that the requested field rules be adopted for the consolidated field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Hearings Examiner

Attachment "A"

<u>Field Name</u>	<u>Field Number</u>
ALTA MESA, N.E. (9150)	02003 800
LOPEZ RANCH (VKSBG F1)	54895 480
MELINDA'S ASTON MAG (LOWER VX)	60337 240
RACHAL (VICKSBURG)	74120 195
SCOTT & HOPPER (I-70)	81752 064
SCOTT & HOPPER, E. (K-27)	81753 500
SCOTT & HOPPER, S. (9500)	81756 500
SKIPPER (I-27)	83935 333
SKIPPER (J-05)	83935 666