

OIL AND GAS DOCKET NO. 8A-0249022

**THE APPLICATION OF TEXLAND PETROLEUM, L.P. TO CONSIDER TEMPORARY
FIELD RULES FOR THE STOCKYARD (SAN ANDRES) FIELD, GAINES COUNTY,
TEXAS**

Heard by: Donna K. Chandler on November 17, 2006

Appearances:

John Soule
Kerry Pollard

Representing:

Texland Petroleum, L.P.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Texland Petroleum, L.P. requests that temporary field rules be adopted for the Stockyard (San Andres) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 4,528 feet to 4,892 feet as shown on the log of the E. Cook Estate Well No. 3;
2. 467' - 933' well spacing;
3. 160 acre gas units with 10% tolerance and a maximum diagonal of 4,500 feet;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends adoption of the temporary field rules proposed by Texland Petroleum, subject to review in 18 months.

DISCUSSION OF EVIDENCE

The Stockyard (San Andres) Field was discovered in November 2005 upon completion of the E. Cook Estate No. 3 by Texland Petroleum. No other wells have been completed in the field.

The E. Cook Estate No. 3 is perforated in the San Andres between 4,547 and 4,559 feet. On initial test, the well produced at a maximum rate of 1,989 MCFD, and current production is over 1,000 MCFD.

The average porosity of the reservoir is 11% and average water saturation is 30%. With 10 feet of net pay, the recoverable gas beneath 160 acres is estimated to be 617 MMCF of gas. The E. Cook Estate No. 3 has already produced over 150 MMCF of gas, with no decline in producing rate. The well should adequately drain at least 160 acres.

The E. Cook Estate No. 3 was recompleted from the Stockyard (Glorieta) Field, which is productive in the deeper Clear Fork. There are many Clear Fork producing wells in the area which operate under 467'-1,200' Statewide Rules. Adoption of a similar spacing rules for the Stockyard (San Andres) Field will facilitate recompletions between the fields.

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 Stockyard (San Andres) Field was discovered in November 2005 upon completion of the E. Cook Estate No. 3 by Texland Petroleum. This well remains the only well in the field.
3. Rules providing for 160 acre density are appropriate for the Stockyard (San Andres) Field on a temporary basis.
 - a. Recoverable gas beneath 160 acres is estimated to be 617 MMCF of gas.
 - b. The E. Cook Estate No. 3 has already produced over 150 MMCF of gas.
4. Spacing a minimum of 467 feet from lease lines and 933 feet between wells is appropriate to facilitate recompletions from the Clear Fork to the San Andres in existing wellbores.
5. Allocation based on 100% acreage is a reasonable method of allocation which will protect the correlative rights of mineral owners in 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. Adoption of the proposed field rules for the Stockyard (San Andres) Field on a temporary basis is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends adoption of temporary field rules for the Stockyard (San Andres) Field as set out in the attached Final Order, subject to review in 18 months.

Respectfully submitted,

Donna K. Chandler
Technical Examiner