

**THE APPLICATION OF TEXLAND PETROLEUM, LP TO CONSIDER PERMANENT GAS WELL CLASSIFICATION FOR ALL WELLS IN THE STOCKYARD (SAN ANDRES) FIELD, GAINES COUNTY, TEXAS**

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**HEARD BY:** Richard D. Atkins, P.E. - Technical Examiner

**HEARING DATE:** January 7, 2009

**APPEARANCES:**

John Soule  
Kerry A. Pollard

**REPRESENTING:**

Texland Petroleum, LP

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Texland Petroleum, LP ("Texland") requests that all wells in the Stockyard (San Andres) Field be permanently classified as gas wells. The application is unopposed and the examiner recommends approval of the permanent gas well classification for all wells in the field.

**DISCUSSION OF EVIDENCE**

The Stockyard (San Andres) Field was discovered in November 2005 with the completion of the E. Cook Estate Lease, Well No. 3, from 4,547 feet to 4,559 feet. The well had an absolute open flow potential of 2,653 MCFGPD and produced no condensate. Texland is the only operator in the field which is classified as non-associated. A total of four wells have been completed in the field, but only one well is currently carried on the gas proration schedule. Cumulative production from the field through December 2008 is 1.6 BCFG and no condensate production.

The San Andres reservoir in the Stockyard (San Andres) Field is approximately 350 feet thick and consists of an Upper San Andres gas zone and a Lower San Andres oil zone. The gas zone is approximately 50 feet thick and the oil zone is approximately 300 feet thick. The oil zone was tested in the Turman Lease, Well No. 1, and was found to be marginally productive and uneconomic. The well produced from May 2008 until November

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2008 when it was shut-in making only 2 BOPD and 1 MCFGPD. Cumulative production was only 375 BO.

Texland completed the Wallace Lease, Well No. 1, in June 2008 in the Upper San Andres gas zone from 4,607 feet to 4,617 feet. The well was fracture stimulated and Texland believes that the fracture extended down into the San Andres oil zone, as the well's gas-oil ratio has ranged from a low of 16,667 standard cubic feet per barrel up to 1,416,000 standard cubic feet per barrel. In November 2008, the well produced 1,964 MCFG and 8 BO with a gas-oil ratio of 245,500 standard cubic feet per barrel.

Texland stated that the only way to economically recover any hydrocarbons from the Lower San Andres oil interval is to complete and produce it with the Upper San Andres gas zone. However, Texland is concerned that the gas wells may be classified as oil wells if the gas -oil ratio drops below 100,000 standard cubic feet per barrel. Therefore, Texland requests that all wells in the Stockyard (San Andres) Field be permanently classified as gas wells.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all affected persons at least ten days prior to the date of hearing. No protests were received.
2. The Stockyard (San Andres) Field was discovered in November 2005 with the completion of the E. Cook Estate Lease, Well No. 3, from 4,547 feet to 4,559 feet. Texland is the only operator in the field which is classified as non-associated.
3. A total of four wells have been completed in the field, but only one well is currently carried on the gas proration schedule.
4. The San Andres reservoir in the Stockyard (San Andres) Field is approximately 350 feet thick and consists of an Upper San Andres gas zone and a Lower San Andres oil zone. The gas zone is approximately 50 feet thick and the oil zone is approximately 300 feet thick.
5. The oil zone was tested for seven months in the Turman Lease, Well No. 1, and was found to be marginally productive and uneconomic. Cumulative production was only 375 BO.
6. The Wallace Lease, Well No. 1, gas-oil ratio has ranged from a low of 16,667 standard cubic feet per barrel up to 1,416,000 standard cubic feet per barrel.
7. The only way to economically recover any hydrocarbons from the Lower San Andres oil interval is to complete and produce it with the Upper San Andres

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gas zone.

8. Classifying all wells completed in the Stockyard (San Andres) Field as gas wells will prevent waste.

**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. Classifying all wells completed in the Stockyard (San Andres) Field as gas wells is necessary to prevent waste, protect correlative rights and promote development of the field.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiner recommends approval of the permanent gas well classification for all wells in the Stockyard (San Andres) Field.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner