

THE APPLICATION OF TEXLAND PETROLEUM, LP TO ADOPT FIELD RULES FOR THE DEMPSEY CREEK (SAN ANDRES) FIELD, ANDREWS AND GAINES COUNTIES, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Marshall F. Enquist - Legal Examiner

DATE OF HEARING: November 15, 2011

APPEARANCES:

REPRESENTING:

APPLICANT:

John Soule
Rick Johnston

Texland Petroleum, LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Texland Petroleum, LP ("Texland") requests that Field Rules be adopted for the Dempsey Creek (San Andres) Field. The proposed Field Rules are summarized as follows:

1. Designation of the field as the correlative interval from 4,316 feet to 4,738 feet as shown on the log of the Texland Petroleum, LP - Twilight Lease, Well No. 1;
2. 330'-500' well spacing;
3. 40 acre oil units with optional 20 acre density;
4. Allocation based on 100% acreage with a top allowable based on the 1947 Yardstick Allowable of 93 BOPD.

This application was unopposed and the examiners recommend that Field Rules be adopted for the Dempsey Creek (San Andres) Field, as proposed by Texland.

DISCUSSION OF EVIDENCE

The Dempsey Creek (San Andres) Field was discovered in July 1955 at an average

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depth of 4,300 feet. The field operates under Statewide Rules and there are 13 producing oil wells and two operators carried on the proration schedule. Cumulative production from the field through June 2011 is 232.1 MBO and 49.2 MMCFG.

There is currently no defined correlative interval for the field. Texland requests that the field be defined as the correlative interval from 4,316 feet to 4,738 feet as shown on the log of the Texland Petroleum, LP - Twilight Lease, Well No. 1 (API No. 42-003-41219), Section 8, Block A31, PSL Survey, A-567, Andrews County, Texas. This interval includes the productive portion of the San Andres formation.

Texland is planning on drilling infill wells and requests 330'-500' well spacing and 40 acre oil units with 20 acre optional density. Texland submitted a tabulation of 29 San Andres fields in RRC Districts 8 and 8A that had less than 40 acre density. Most of the fields had optional 20 acre density, but some fields had optional 10 acre or 5 acre density. The two closets fields, the G-M-K and Seminole, SE. (San Andres) Fields, also had optional 20 acre density.

Texland also requests that the allocation formula be based on 100% acreage with a top allowable based on the 1947 Yardstick Allowable of 93 BOPD.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Dempsey Creek (San Andres) Field was discovered in July 1955 at an average depth of 4,300 feet.
 - a. The field operates under Statewide Rules.
 - b. There are 13 producing oil wells and two operators carried on the proration schedule.
3. The Dempsey Creek (San Andres) Field should be defined as the correlative interval from 4,316 feet to 4,738 feet as shown on the log of the Texland Petroleum, LP - Twilight Lease, Well No. 1 (API No. 42-003-41219), Section 8, Block A31, PSL Survey, A-567, Andrews County, Texas. This interval includes the productive portion of the San Andres formation.
4. Well Spacing of 330'-500' and 40 acre oil units with 20 acre optional density are appropriate for the field.

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- a. There are 29 San Andres fields in RRC Districts 8 and 8A that have less than 40 acre density.
 - b. Most of the fields have optional 20 acre density, but some fields have optional 10 acre or 5 acre density.
 - c. The two closets fields, the G-M-K and Seminole, SE. (San Andres) Fields, also have optional 20 acre density.
5. Allocation based on 100% acreage with a top allowable based on the 1947 Yardstick Allowable of 93 BOPD is a reasonable formula which will protect correlative rights and meet statutory requirements.

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 Dempsey Creek (San Andres) Field 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 examiners recommend that the Commission adopt the Field Rules for the Dempsey Creek (San Andres) Field, as proposed by Texland Petroleum, LP.

Respectfully submitted,

Marshall F. Enquist
Legal Examiner

Richard D. Atkins, P.E.
Technical Examiner