

THE APPLICATION OF SANDRIDGE EXPL. AND PROD., LLC TO CONSIDER INCREASED NET GAS-OIL RATIO AUTHORITY FOR THE GLADNEY NO. 4 IN THE LAKE CHEROKEE, S. (TRAVIS PEAK) FIELD, RUSK COUNTY, TEXAS

Heard by: Donna K. Chandler on July 31, 2009

Appearances:

Bill Spencer
Jim Clark

Representing:

Sandridge Expl. and Prod., LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Sandridge Expl. and Prod, LLC requests authority to produce its Gladney No. 4 in the Lake Cherokee, S. (Travis Peak) Field under increased net gas-oil ratio authority with a daily gas limit of 400 MCFD. Sandridge also requests that all overproduction for the well be canceled.

This application was unopposed and the examiner recommends approval of increased net gas-oil ratio authority with a daily gas limit of 400 MCFD for the well and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Gladney Well No. 4 was drilled in 1994 to a total depth of 10,540 feet. The well was completed as a gas well in the Oak Hill (Cotton Valley) Field with perforations between 9,422 and 10,395 feet. In 1997, the well was completed as a dual completion with the Travis Peak. A new field designation called the Lake Cherokee, S. (Travis Peak) Field was approved for the Travis Peak completion in the well. The well was classified as an oil well in the Lake Cherokee, S. (Travis Peak) Field.

The Gladney No. 4 is the only producing oil well in the Lake Cherokee, S. (Travis Peak) Field. The top allowable in the field is 121 BOPD and 242 MCFD. The associated gas field in Lake Cherokee, S. (Travis Peak) Field was established in 2007 and the gas field is classified as associated-49(b). There is one marginal gas well in the field. The Oak Hill (Cotton Valley) Field is AOF status.

In July 2008, a Rule 10 exception was granted for the well and the well was placed in the Lake Cherokee, S. (Travis Peak) Field for proration purposes. The combined production from the two zones open in the well is approximately 25 BOPD, 350 MCFD and 15 BWPD. The well is assigned a penalized oil allowable due to its high gas-oil ratio.

Prior to commingling, the well produced 800-900 BO per month and 5,000 MCF per month from the Travis Peak and approximately 6,000 MCF per month from the Cotton Valley, with little or no condensate. Since commingling, combined production is 10,000-11,000 MCF per month and 800-900 BO per month. The production data indicate that the same volumes of gas and oil are being produced from each zone as prior to commingling. There is no reason to limit gas production from the well because the volume of gas being produced from the Travis Peak is not exceeding the 242 MCFD casinghead gas limit for the field and the well had never overproduced its casinghead gas allowable prior to commingling. The current production in excess of the casinghead gas allowable is from the Cotton Valley.

As of June 1, 2009, the lease had casinghead gas overproduction of 31,282 MCF. Sandridge requests that all overage be cancelled.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing.
2. The Gladney Well No. 4 was drilled in 1994 and completed as a gas well in the Oak Hill (Cotton Valley) Field.
3. In 1997, the Gladney No. 4 was dually completed with the Lake Cherokee, S. (Travis Peak) Field. The well was classified as an oil well in the Lake Cherokee, S. (Travis Peak) Field.
4. The top allowable in the Lake Cherokee, S. (Travis Peak) Field is 121 BOPD and 242 MCFD.
5. The Oak Hill (Cotton Valley) Field is AOF status.
6. Since July 2008, the Gladney No. 4 has been downhole commingled in the two subject fields and is assigned to the Lake Cherokee, S. (Travis Peak) Field for proration purposes.
7. Commingled production from the well is approximately 350-400 MCFD and is a result of gas production from the Cotton Valley. The casinghead gas production from the well never exceeded the gas limit when the well was produced separately from the Travis Peak.

8. Restricting the casinghead gas production for this well is not necessary to prevent waste.
9. The lease is overproduced approximately 31,282 MCFD as of June 1, 2009.

CONCLUSIONS OF LAW

1. Notice of this hearing was given as specified in the provisions of all regulatory codes.
2. All things have occurred or been accomplished to give the Commission jurisdiction in this matter.
3. Approval of increased net gas-oil ratio authority with a casinghead gas limit of 400 MCFD for the Gladney No. 4 in the Lake Cherokee, S. (Travis Peak) Field and cancellation of overproduction will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Gladney No. 4 in the Lake Cherokee, S. (Travis Peak) Field be authorized to produce under net gas-oil ratio authority with a daily gas limit of 400 MCFD and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Donna K. Chandler
Technical Examiner