

OIL AND GAS DOCKET NO. 08-0249208

THE APPLICATION OF RIATA ENERGY, INC. (NOW SANDRIDGE ENERGY, INC.) TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE (PROPOSED) ABROJO (MULTIPAY) FIELD, PECOS COUNTY, TEXAS

Heard by: Donna K. Chandler on November 7, 2006

Appearances:

Cary McGregor

Representing:

Sandridge Energy, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Riata Energy, Inc. requests that a new field designation called the Abrojo (Multipay) Field be approved for its Longfellow 138 Well No. 2201. Riata requests that the following rules be adopted for the Abrojo (Multipay) Field:

1. Designation of the field as the correlative interval from 5,840 feet to 8,250 feet as shown on the log of the Longfellow 138 No. 2201;
2. Allocation based on 95% deliverability and 5% per well.

There were no protests to this application and the examiner recommends approval of the new field designation and field rules.

DISCUSSION OF EVIDENCE

Riata Energy, Inc. completed its Longfellow 138 No. 2201 in March 2006 with perforations in the Wolfcamp Limestone from 6,516-6,852 feet and 7,840-8,092 feet. On initial test, the well produced at a maximum rate of 645 MCFD.

The new field designation should be approved for the Longfellow 138 No. 2201. The proposed correlative interval for the field is from 5,840 feet to 8,250 feet as shown on the

log of the Longfellow 138 No. 2201. This interval includes Wolfcamp Limestone intervals both above and below the Marathon Regional Unconformity. Riata has completed four other wells in the area which will be placed in this new field. Some of these more recent wells have encountered a Caballos productive interval between the Limestone intervals. There is comparable production about 10,000 feet away from the discovery well. However, the No. 2201 is separated from this production by two major thrust faults.

A two factor allocation formula is necessary for the proposed field designation to be considered a single field. Riata requests that allocation be based on 95% deliverability and 5% per well for the field.

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. Riata Energy, Inc. completed its Longfellow 138 No. 2201 in January 2004 with perforations in Limestone intervals between 6,516 feet and 8,092 feet.
3. The Longfellow 138 No. 2201 is entitled to a new field designation. The only comparable production within 2½ miles is fault separated from the Longfellow 138 No. 2201.
4. The entire correlative interval from 5,840 feet to 8,250 feet as shown on the log of the Longfellow 138 No. 2201 should be designated as the Abrojo (Multipay) Field. This interval includes Wolfcamp Limestone intervals and a Caballos interval in some wells.
5. Allocation based on 95% deliverability and 5% per well will protect correlative rights and meets statutory requirements for combining multiple productive zones into a single 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. Approval of the requested new field designation and adoption of field rules will prevent waste, protect correlative rights and promote the orderly development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the new field designation and adoption of field rules for the Abrojo (Multipay) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner