

**THE APPLICATION OF SANDALWOOD EXPLORATION, L.P. TO CONSIDER AN MER ALLOWABLE FOR THE SIMS-DREES UNIT WELL NO. 1 IN THE TAFT, DEEP (C-2 SD, 6000) FIELD, SAN PATRICIO COUNTY, TEXAS**

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**Heard by:** Andres J. Trevino, P.E. on May 11, 2010

**Appearances:**

Doug Dashiell  
Michael Francisco

**Representing:**

Sandalwood Exploration, L.P.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Sandalwood Exploration, L.P. requests that an MER allowable of 130 BOPD be established for its Sims-Drees Unit Well No. 1 in the Taft, Deep (C-2 SD, 6000) Field. Sandalwood also requests that all accumulated overproduction be cancelled for this lease.

The application is unopposed and the examiner recommends approval of the requested MER and cancellation of overproduction.

**DISCUSSION OF EVIDENCE**

The Taft, Deep (C-2 SD, 6000) Field was discovered in 1959 and currently has no wells on the proration schedule. The top allowable for the field is 91 BOPD. The Sims-Drees Unit Well No. 1 is the only producing oil well in the field and Sandalwood is the only operator in the field.

Sandalwood completed the Sims-Drees Unit Well No. 1, on January 2010 into a Frio sand as a flowing well. The No. 1 was completed at a depth of 6,108 feet and produced thru the tubing. The well had an initial potential of 152 BOPD, 135 MCFPD and no water with a flowing tubing pressure of 650 psi.

During April and May 2010, Sandalwood tested the Sims-Drees Unit Well No. 1 at various rates to determine sensitivity. Testing was extended after the hearing date as Sandalwood believed the choke was partially clogged with debris. The results of the test are summarized as follows:

<u>choke size</u>	<u>oil rate</u>	<u>gas rate</u>	<u>gas-oil ratio</u>	<u>FTP</u>
9.5/64"	104 BOPD	97 MCFD	957 cuft/bbl	700 psi
10/64"	98 BOPD	102 MCFD	1,047 cuft/bbl	679 psi
10.5/64"	106 BOPD	111 MCFD	1,056 cuft/bbl	701 psi
11/64"	129 BOPD	122 MCFD	943 cuft/bbl	632 psi
11.5/64"	144 BOPD	191 MCFD	1,325 cuft/bbl	610 psi

The producing gas-oil ratio remained nearly constant through out the rate testing. At the highest daily test rate of 144 BOPD and 191 MCFD, the GOR increased to 1,325 cuft/bbl. When the well was allowed to produce on a 11.5/64" choke at a rate of 144 BOPD, the well began to produce in slugs and started to load up. The flowing tubing pressured dropped off by 13%. Sandalwood believes at the highest production rate, excessive draw down is occurring.

The reservoir is within a relatively small, lenticular sand. The reservoir energy is primarily derived from a solution gas drive. Sandalwood believes that producing the well slightly below full capacity (up to 130 BOPD) will not harm the reservoir.

The well is estimated to be overproduced. Sandalwood requests that this 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 Taft, Deep (C-2 SD, 6000) Field was discovered in 1959 with a top allowable of 91 BOPD. The Sims-Drees Unit Well No. 1 is the only well in the field.
3. Sandalwood completed the Sims-Drees Unit Well No. 1, on January 2010 into a Frio sand at a depth of 6,108 feet. The well had an initial potential of 152 BOPD, 135 MCFPD and no water with a flowing tubing pressure of 650 psi.
4. Variable rate testing of the Sims-Drees Unit Well No. 1 indicates that producing at rates of up to 130 BOPD will not cause waste.
  - a. The average maximum oil rate was 144 BOPD on a 11.5/64" choke.
  - b. The well began to load up and produce in slugs when the well was choked back to produce at the maximum rate of 144 BOPD.
  - c. The well's GOR remained nearly constant between 950 to 1,050 scf/bbl when the well was tested between 98 and 130 BOPD.

5. The reservoir is within a relatively small lenticular sand. The reservoir energy is primarily derived from a solution gas drive.
6. The well is calculated to be overproduced. Cancellation of this overage will not harm correlative rights.

**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 an MER of 130 BOPD for the Sims-Drees Unit Well No. 1 and cancellation of overproduction for the well in the Taft, Deep (C-2 SD, 6000) Field will not cause waste and will not harm correlative rights.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of an MER of 130 BOPD and cancellation of overproduction for the Sims-Drees Unit Well No. 1 in the Taft, Deep (C-2 SD, 6000) Field in San Patricio County, Texas.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Examiner