

**THE APPLICATION OF SANDALWOOD EXPLORATION, LP TO CONSIDER AN MER ALLOWABLE FOR THE SIMS-DREES UNIT NO. 1, WELL NO. 2, TAFT, DEEP (A-2 SAND) FIELD, SAN PATRICIO COUNTY, TEXAS**

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

**HEARING DATE:** November 23, 2010

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Doug Dashiell  
Michael Francisco

Sandalwood Exploration, LP

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Sandalwood Exploration, LP ("Sandalwood") requests approval of an MER allowable of 175 BOPD for its Sims-Drees Unit No. 1, Well No. 2, in the Taft, Deep (A-2 Sand) Field, San Patricio County, Texas. Sandalwood also requests that all overproduction for the well be canceled.

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

**DISCUSSION OF EVIDENCE**

The Sims-Drees Unit No. 1, Well No. 2, was completed in the Taft, Deep (A-2 Sand) Field in July 2010 with perforations between 5,662 feet and 5,674 feet. On initial test, the well flowed on an 8/64" choke at a rate of 124 BOPD, 424 MCFGPD and 0 BWPD. The top allowable in the field is 102 BOPD with an allowable gas oil ratio of 2,000 cubic feet per barrel. This is the only well carried on the oil proration schedule.

The Taft, Deep (A-2 Sand) Field has a depletion drive as the primary drive mechanism. On the smaller choke sizes, the Sims-Drees Unit No. 1, Well No. 2, begins to load up with fluid and experiences a declining tubing pressure. In October and November 2010, Sandalwood tested the well to determine its rate sensitivity. The average

test results are summarized as follows:

<u>CHOKE SIZE</u>	<u>OIL RATE (BOPD)</u>	<u>GAS RATE (MCFGPD)</u>	<u>GAS-OIL RATIO (CUFT/BBL)</u>
9/64"	84	52	623
10/64"	107	54	501
11/64"	149	67	450
13/64"	178	69	386

The testing indicates that the well produces more efficiently at higher oil rates. The gas oil ratio was the lowest at the highest producing rate. On the smallest choke size, the well began to load up with fluid, as the flowing tubing pressure became erratic and fluctuated between 724 psia and 566 psia.

As a result of the testing, Sandalwood requests an MER allowable of 175 BOPD. Through October 2010, the Sims-Drees Unit No. 1, Well No. 2, was overproduced by 3,829 BO. Sandalwood also requests that all of the overage be canceled.

#### **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 Sims-Drees Unit No. 1, Well No. 2, was completed in the Taft, Deep (A-2 Sand) Field in July 2010 with perforations between 5,662 feet and 5,674 feet.
3. The top allowable in the field is 102 BOPD with an allowable gas oil ratio of 2,000 cubic feet per barrel. This is the only well carried on the oil proration schedule.
4. The Taft, Deep (A-2 Sand) Field has a depletion drive as the primary drive mechanism.
5. On the smaller choke sizes, the Sims-Drees Unit No. 1, Well No. 2, begins to load up with fluid and experiences a declining tubing pressure.
6. In October and November 2010, Sandalwood tested the well to determine its rate sensitivity. The well produces more efficiently at higher oil rates.
  - a. On a 13/64" choke, the well produced 178 BOPD and 69 MCFGPD with a GOR of 386 standard cubic feet per barrel.

- b. The gas oil ratio was the lowest at the highest producing rate.
  - c. On the smallest choke size, the well began to load up with fluid, as the flowing tubing pressure became erratic and fluctuated between 724 psia and 566 psia.
7. Through October 2010, the Sims-Drees Unit No. 1, Well No. 2, was overproduced by 3,829 BO.

**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 allowable of 175 BOPD and cancellation of the overproduction for the Sims-Drees Unit No. 1, Well No. 2, in the Taft, Deep (A-2 Sand) Field will prevent waste and will not harm correlative rights.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiner recommends approval of the MER allowable and cancellation of the overproduction, as requested by Sandalwood Exploration, LP.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner