

THE APPLICATION OF SANDRIDGE EXPL. AND PROD., LLC TO ESTABLISH AN MER FOR THE TXL-JJJ LEASE WELL NOS. 505 AND 506 IN THE GOLDSMITH (CLEARFORK) FIELD, ECTOR COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on December 18, 2009

Appearances:

Bill Spencer
Cary McGregor

Representing:

Sandridge Expl. and Prod., LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Sandridge Expl. and Prod., LLC requests an MER of 150 BOPD for its TXL-JJJ Well No. 505 and Well No. 506 in the Goldsmith (Clearfork) Field. Sandridge also requests that all accumulated overproduction be cancelled for this lease.

The application is unprotested and the examiner recommends approval of the requested MERs and cancellation of lease overproduction.

DISCUSSION OF EVIDENCE

The Goldsmith (Clearfork) Field was discovered in 1946 at a depth of approximately 6,300 feet. The field is a very large and mature oil field. The top allowable in the field is 111 BOPD for a 40 acre unit. Because there are five wells on the 81 acre TXL-JJJ lease, each would receive a 61 BOPD allowable on a 16 acre unit.

The TXL-JJJ No. 505 was completed in the Goldsmith (Clearfork) Field in November 2009 by Sandridge. The well is completed with perforations in the Clearfork between 5,692 feet and 5,892 feet. On initial completion the well produced at a rate of 100 BOPD, 168 MCFPD and a significant amount of water. Production increased to a high of 125 BOPD and 250 MCFD. Current production averages 72 BOPD and 123 MCFD on rod pump. The current gas-oil ratio is approximately 1,725 cubic feet per barrel. The gas-oil ratio since completion has varied between 800 and 2,200 cubic feet per barrel.

The TXL-JJJ No. 506 was completed in the Goldsmith (Clearfork) Field in August 2009 by Sandridge. The well is completed with perforations in the Clearfork between 5,664 feet and 5,924 feet. On initial completion the well produced at a rate of 107 BOPD, 233 MCFPD and 243 BWPD. Production increased to a high of 300 BOPD and 600 MCFD. Current production averages 122 BOPD and 267 MCFD on rod pump. The current gas-oil

ratio is approximately 2,189 cubic feet per barrel. The gas-oil ratio since completion has varied between 1,500 and 2,200 cubic feet per barrel. With higher GOR spikes due primarily to temporary oil production problems. Increasing the oil allowable will not affect ultimate recovery from the well.

Cumulative lease overproduction is approximately 55,435 BO as of October 1, 2009. It is requested that all 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 Goldsmith (Clearfork) Field was discovered in 1946 and has a top allowable of 111 BOPD for 40 acre units and 61 BOPD for 16 acre units.
3. The TXL-JJJ No. 505 was completed in the Goldsmith (Clearfork) Field in November 2009 with perforations in the Clearfork between 5,692 feet and 5,892 feet.
 - a. On initial completion the well produced at a rate of 100 BOPD and 168 MCFPD.
 - b. Production increased to a high of 125 BOPD and 250 MCFD.
 - c. Current production averages 72 BOPD and 123 MCFD on rod pump.
 - d. The current gas-oil ratio is approximately 1,725 cubic feet per barrel.
 - e. The gas-oil ratio since completion has varied between 800 and 2,200 cubic feet per barrel regardless of rate.
4. The TXL-JJJ No. 506 was completed in the Goldsmith (Clearfork) Field in August 2009 with perforations in the Clearfork between 5,664 feet and 5,924 feet.
 - a. On initial completion the well produced at a rate of 107 BOPD and 233 MCFPD.
 - b. Production increased to a high of 300 BOPD and 600 MCFD.
 - c. Current production averages 122 BOPD and 267 MCFD on rod pump.
 - d. The current gas-oil ratio is approximately 2,189 cubic feet per barrel.

- e. The gas-oil ratio since completion has varied between 1,500 and 2,200 cubic feet per barrel regardless of rate.
5. The gas-oil ratios on both wells varied between 800 and 2,200 cubic feet per barrel, with higher GOR spikes due primarily to temporary oil production problems. Increasing the oil allowable will not cause waste.
6. The subject lease is overproduced approximately 55,435 BO as of October 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 an MER of 150 BOPD and cancellation of overproduction for the TXL-JJJ lease Well Nos. 505 and 506 in the Goldsmith (Clearfork) 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 150 BOPD and cancellation of overproduction for the TXL-JJJ lease Well Nos. 505 and 506 in the Goldsmith (Clearfork) Field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner