

THE APPLICATION OF SANDRIDGE EXPL. AND PROD., LLC TO ESTABLISH AN MER ALLOWABLE FOR THE STATE SHOSID LEASE, WELL NO. 2, IN THE HUDSON FIELD, ANDREWS COUNTY, TEXAS

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

DATE OF HEARING: March 25, 2011

APPEARANCES:

REPRESENTING:

APPLICANT:

Bill Spencer
Cary McGregor

Sandridge Expl. and Prod., LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Sandridge Expl. and Prod., LLC ("Sandridge") requests an MER Allowable of 250 BOPD for its State Shosid Lease, Well No. 2, in the Hudson Field. Sandridge also requests that all accumulated overproduction for the well be cancelled.

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

DISCUSSION OF EVIDENCE

The Hudson Field was discovered in 1951 at a depth of 7,400 feet. There are 3 producing oil wells and two operators carried on the proration schedule. The top allowable in the field is 121 BOPD. Cumulative production from the field through December 2010 is 116.0 MBO and 32.2 MMCFG.

Sandridge completed the State Shosid Lease, Well No. 2, in the Hudson Field in November 2010 through perforations in the Wichita Albany formation between 7,412 feet and 7,625 feet. The well potential on rod pump for 268 BOPD, 216 MCFGPD and 94 BWPD. The water cut began to increase and, in March 2011, Sandridge installed a two inch downhole pump and upgraded the pumping unit gearbox. Current production averages 217 BOPD, 212 MCFGPD and 264 BWPD. The gas-oil ratio is slightly less than 1,000 cubic feet per barrel. Sandridge believes that the ultimate recovery for the well will be decreased due to water encroachment if the oil production is curtailed. As a result,

increasing the oil allowable will not effect the ultimate recovery from the well.

Cumulative overproduction for the well is approximately 3,500 BO. Sandridge requests that all overproduction 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 Hudson Field was discovered in 1951 at a depth of 7,400 feet.
 - a. There are 3 producing oil wells and two operators carried on the proration schedule.
 - b. The top allowable in the field is 121 BOPD.
3. Sandridge completed the State Shosid Lease, Well No. 2, in the Hudson Field in November 2010 through perforations in the Wichita Albany formation between 7,412 feet and 7,625 feet. The well potentialed on rod pump for 268 BOPD, 216 MCFGPD and 94 BWPD.
4. The water cut began to increase and, in March 2011, Sandridge installed a two inch downhole pump and upgraded the pumping unit gearbox.
5. Current production averages 217 BOPD, 212 MCFGPD and 264 BWPD. The gas-oil ratio is slightly less than 1,000 cubic feet per barrel.
6. The ultimate recovery for the well will be decreased due to water encroachment if the oil production is curtailed.
7. Increasing the oil allowable will not effect the ultimate recovery from the well and will not cause waste.
8. The subject well is overproduced approximately 3,500 BO.

CONCLUSIONS OF LAW

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. All things have occurred or been accomplished to give the Commission jurisdiction in this matter.

3. Approval of an MER Allowable of 250 BOPD and cancellation of the overproduction for the State Shosid Lease, Well No. 2, in the Hudson Field will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission approve an MER Allowable of 250 BOPD and cancel the overproduction for the State Shosid Lease, Well No. 2, in the Hudson Field, as requested by Sandridge Expl. and Prod., LLC.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner