



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0281704

THE APPLICATION OF SHERIDAN PRODUCTION COMPANY, LLC FOR BLANKET AUTHORITY FOR EXCEPTION TO STATEWIDE RULE 10 FOR THE GOLDSMITH AND GOLDSMITH (CLEAR FORK) FIELDS, ANDREWS AND ECTOR COUNTIES, TEXAS

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

DATE OF HEARING: May 3, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Bill Spencer
Cary McGregor

Sheridan Production Company, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Sheridan Production Company, LLC ("Sheridan") requests that the Commission approve blanket authority for exception to Statewide Rule 10 for all wells in the Goldsmith, ID No. 35652 001, and Goldsmith (Clear Fork), ID No. 35652 062, Fields.

The application is unopposed and the examiners recommend approval of the requested blanket authority for exception to Statewide Rule 10, as requested by Sheridan.

DISCUSSION OF THE EVIDENCE

The Goldsmith Field was discovered in 1935 at an average depth of 4,300 feet. There are 216 producing oil wells and 14 operators carried on the oil proration schedule. The field operates under Field Rules that provide for 330'-770' well spacing and 20 acre oil units. Cumulative production from the field through April 2013 is 365.6 MMBO and 118.5 BCFG.

The Goldsmith (Clear Fork) Field was discovered in March 1946 at an average depth of 6,300 feet. There are 1,181 producing oil wells, 3 producing gas wells and 36 operators carried on the proration schedules. The field operates under Field Rules that provide for 330'-0' well spacing and 40 acre units with optional 10 acre density. Cumulative production from the field through April 2013 is 142.2 MMBO and 481.8 BCFG.

Sheridan identified 29 Statewide Rule 10 exceptions which have been previously approved by the Commission for the two subject fields and 199 Statewide Rule 10 exceptions which have been previously approved by the Commission for the two subject fields and 11 other fields in the area. Since the two subject fields are in the later stages of primary depletion and secondary recovery, a stand-alone completion in one of the two subject fields may be uneconomic in many cases. As a result of commingling the two subject fields, Sheridan calculated incremental reserves of approximately 1,800 BO and 3,600 MCFG per field for a total of 3,600 BO and 7,200 MCFG per well that will be produced due to the lower combined economic limit. No scaling or compatibility problems have been identified in the previously approved Statewide Rule 10 exception wells. Sheridan requests that wells which are downhole commingled in the two subject fields be assigned to the Goldsmith (Clear Fork) Field for proration purposes.

FINDINGS OF FACT

1. Notice of this application and hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing.
2. The Goldsmith Field was discovered in 1935 at an average depth of 4,300 feet.
 - a. There are 216 producing oil wells and 14 operators carried on the oil proration schedule.
 - b. The field operates under Field Rules that provide for 330'-770' well spacing and 20 acre oil units.
3. The Goldsmith (Clear Fork) Field was discovered in March 1946 at an average depth of 6,300 feet.
 - a. There are 1,181 producing oil wells, 3 producing gas wells and 36 operators carried on the proration schedules.
 - b. The field operates under Field Rules that provide for 330'-0' well spacing and 40 acre units with optional 10 acre density.
4. Approval of a blanket Statewide Rule 10 exception for all wells in the Goldsmith and Goldsmith (Clear Fork) Fields is appropriate.

- a. There have been 29 Statewide Rule 10 exceptions which have been previously approved by the Commission for the two subject fields and 199 Statewide Rule 10 exceptions which have been previously approved by the Commission for the two subject fields and 11 other fields in the area.
 - b. Since the two subject fields are in the later stages of primary depletion and secondary recovery, a stand-alone completion in one of the two subject fields may be uneconomic in many cases.
 - c. As a result of commingling the two subject fields, Sheridan Production Company, LLC calculated incremental reserves of approximately 1,800 BO and 3,600 MCFG per field for a total of 3,600 BO and 7,200 MCFG per well that will be produced due to the lower combined economic limit.
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- d. No scaling or compatibility problems have been identified in the previously approved Statewide Rule 10 exception wells.
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CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval of the requested blanket authority for exception to Statewide Rule 10 for all wells in the Goldsmith and Goldsmith (Clear Fork) Fields will prevent waste and will not harm correlative rights.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve blanket authority for exception to Statewide Rule 10 for all wells in the Goldsmith and Goldsmith (Clear Fork) Fields, as requested by Sheridan Production Company, LLC.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Michael Crnich
Legal Examiner