

OIL AND GAS DOCKET NO. 08-0262934

THE APPLICATION OF SANDRIDGE EXPL. AND PROD., LLC TO ESTABLISH AN MER FOR THE TXL-JJJ LEASE WELL NO. 1 IN THE LAWSON (SAN ANDRES) FIELD, ECTOR COUNTY, TEXAS

Heard by: Donna K. Chandler on October 23, 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 125 BOPD for its TXL-JJJ Well No. 1 in the Lawson (San Andres) Field. Sandridge also requests that all accumulated overproduction be cancelled for this lease. Sandridge had originally requested an MER of 250 BOPD but amended its request at the hearing.

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

DISCUSSION OF EVIDENCE

The Lawson (San Andres) Field was discovered in 1950 at a depth of approximately 4,320 feet. There are currently 37 producing oil wells in the field. The top allowable in the field is 93 BOPD.

The TXL-JJJ No. 1 was completed in the Lawson (San Andres) Field in 1983 by Phillips Petroleum Company. Completion papers for the well indicated perforations in the San Andres between 4,392 feet and 4,420 feet. Sandridge took over operations of the well in September 2008 and determined that the well also had perforations in the Clear Fork at approximately 5,700-5,900 feet. At that time, the well was producing 3-5 BOPD. Sandridge obtained Rule 10 authority to commingle the two zones in the well.

In March 2009, Sandridge performed a workover on the well, adding more perforations in the Clear Fork and re-stimulating the San Andres and the Clear Fork.

Following this workover, production increased to a little more than 200 BOPD and 300-400 MCFD. Current production averages 110 BOPD and 200 MCFD on rod pump. The current gas-oil ratio is slightly less than 2,000 cubic feet per barrel. The gas-oil ratio since the workover has varied between 1,750 and 2,550 cubic feet per barrel. Increasing the oil allowable will not affect ultimate recovery from the well.

Cumulative overproduction is over approximately 6,200 BO as of November 1, 2008. 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 Lawson (San Andres) Field was discovered in 1950 and has a top allowable of 93 BOPD.
3. The TXL-JJJ No. 1 was completed in the Lawson (San Andres) Field in 1983 with perforations in the San Andres between 4,392 feet and 4,420 feet.
4. Sandridge recently became the operator of the well and determined that the well also had perforations in the Clear Fork at approximately 5,700-5,900 feet. Sandridge obtained Rule 10 authority to commingle the two zones in the well.
5. In March 2009, additional perforations in the Clear Fork were added and both zones were re-stimulated.
6. After the workover, production increased to a little more than 200 BOPD and 300-400 MCFD. Current production averages 110 BOPD and 200 MCFD on rod pump.
7. The gas-oil ratio varies between 1,750 and 2,550 cubic feet per barrel. Increasing the oil allowable will not cause waste.
8. The subject well is overproduced approximately 6,200 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 of 125 BOPD and cancellation of overproduction for the TXL-JJJ lease Well No. 1 in the Lawson (San Andres) 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 125 BOPD and cancellation of overproduction for the TXL-JJJ lease Well No. 1 in the Lawson (San Andres) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner