

OIL AND GAS DOCKET NO. 03-0264369

THE APPLICATION OF SANDALWOOD EXPLORATION, L.P. TO CONSIDER AN MER ALLOWABLE FOR THE RACCOON BEND UWX OIL UNIT NO. 2 WELL NO. 1, RACCOON BEND (UWX CONS. FBA) FIELD, AUSTIN COUNTY, TEXAS

Heard by: Donna K. Chandler on March 5, 2010

Appearances:

Doug Dashiell
Michael Francisco

Representing:

Sandalwood Exploration, L.P.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Sandalwood Exploration, L.P. requests that an MER allowable of 400 BOPD be established for its Raccoon Bend UWX Oil Unit No. 2 Well No. 1 in the Raccoon Bend (UWX Cons. FBA) Field. Sandalwood also requests that all accumulated overproduction be cancelled for this lease.

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

DISCUSSION OF EVIDENCE

The Raccoon Bend (UWX Cons. FBA) Field was formed in February 2009. The top allowable in the field is the discovery allowable of 200 BOPD. There are currently three wells in the field, all operated by Sandalwood.

All of the wells in the field are directionally drilled to encounter the specific fault block. The field designation includes multiple sands. Completion in multiple sands is necessary to make an economic well.

Sandalwood completed the Raccoon Bend UWX Oil Unit No. 2 Well No. 1 on December 9, 2009 with 10 sets of perforations in the Wilcox between 6,275 feet (TVD) and 6,503 feet (TVD). On initial test, the well flowed at a rate of 310 BOPD and 169 MCFD with 690 psi flowing tubing pressure.

During February and Marcy 2010, Sandalwood tested the Raccoon Bend UWX Oil Unit No. 2 Well No. 1 at various rates to determine sensitivity. The results of the test are summarized as follows:

<u>choke size</u>	<u>oil rate</u>	<u>gas rate</u>	<u>gas-oil ratio</u>	<u>FTP</u>
10/64"	233 BOPD	92 MCFD	397 cuft/bbl	677 psi
11/64"	270 BOPD	103 MCFD	384 cuft/bbl	640 psi
12/64"	307 BOPD	144 MCFD	469 cuft/bbl	641 psi
13/64"	355 BOPD	177 MCFD	499 cuft/bbl	657 psi
14/64"	396 BOPD	212 MCFD	535 cuft/bbl	670 psi
15/64"	456 BOPD	251 MCFD	550 cuft/bbl	672 psi

The producing gas-oil ratio shows slight sensitivity with rate changes. It is slightly lower at the lower rates of production. However, when the well was choked back to produce near the allowable of 200 BOPD the well began to produce in slugs and started to load up. The daily production associated with each choke size indicates that the well's production is most stable at approximately 400 BOPD.

Through March 4, 2010, the well has produced approximately 27,800 BO and 27 MMCF casinghead gas. Estimated overproduction is 7,000 BO. Sandalwood requests that this overage be cancelled.

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 Raccoon Bend (UWX Cons. FBA) Field was formed in February 2009. The top allowable in the field is the discovery allowable of 200 BOPD.
3. Each of the three wells in the field are directionally drilled to encounter the specific fault block. The field designation includes multiple Wilcox sands.
4. The Raccoon Bend UWX Oil Unit No. 2 Well No. 1 was completed on December 9, 2009 with 10 sets of perforations between 6,275 feet (TVD) and 6,503 feet (TVD). On initial test, the well flowed at a rate of 310 BOPD and 169 MCFD with 690 psi flowing tubing pressure.
5. Variable rate testing of the Raccoon Bend UWX Oil Unit No. 2 Well No. 1 indicates that producing at rates of up to 400 BOPD will not cause waste.
 - a. The well begins to load up and produce in slugs when the well choked back to produce at the allowable rate of 200 BOPD.

- b. The most stable production for the well is approximately 400 BOPD.
 - c. The gas-oil ratio varies only slightly with changes in flow rate between 230 and 450 BOPD.
- 6. The well is estimated to be overproduced approximately 7,000 BO as of March 4, 2010.
 - 7. Cancellation of overproduction will not harm correlative rights.

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 400 BOPD for the Raccoon Bend UWX Oil Unit No. 2 Well No. 1 and cancellation of overproduction for the well in the Raccoon Bend (UWX Cons. FBA) 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 400 BOPD and cancellation of overproduction for the Raccoon Bend UWX Oil Unit No. 2 Well No. 1 in the Raccoon Bend (UWX Cons. FBA) Field in Austin County, Texas.

Respectfully submitted,

Donna K. Chandler
Technical Examiner