

OIL AND GAS DOCKET NO. 03-0266615

THE APPLICATION OF SANDALWOOD EXPLORATION, L.P. TO CONSIDER AN MER ALLOWABLE FOR THE RACCOON BEND UWX OU/5 LEASE, WELL NO. 1 IN THE RACCOON BEND (UWX CONS. FBB) FIELD, AUSTIN COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on August 27, 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 750 BOPD be established for its Raccoon Bend UWX OU/5 Lease, Well No. 1 in the Raccoon Bend (UWX Cons. FBB) 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. FBB) Field was discovered in August 2009 and has a discovery allowable of 200 BOPD. The Raccoon Bend UWX OU/5 Lease, Well No. 1 is the second producing oil well in the field and Sandalwood is the only operator in the field. The field is governed by Special field rules.

Sandalwood completed the Raccoon Bend UWX OU/5 Lease, Well No. 1, on June 2010 into the Consolidated Wilcox sand as a flowing well. The No. 1 was completed at a depth of 6,452 feet and produced thru the tubing. The well had an initial potential of 426 BOPD, 216 MCFPD and no water with a flowing tubing pressure of 890 psi.

During July and August 2010, Sandalwood tested the Raccoon Bend UWX OU/5 Lease, Well No. 1 at various rates to determine sensitivity. The results of the test are summarized as follows:

choke size oil rate gas rate gas-oil ratio FTP

17/64"	746 BOPD	453 MCFD	607 cuft/bbl	833 psi
16/64"	687 BOPD	366 MCFD	532 cuft/bbl	834 psi
15/64"	664 BOPD	344 MCFD	520 cuft/bbl	848 psi
13/64"	501 BOPD	269 MCFD	538 cuft/bbl	860 psi
11/64"	400 BOPD	205 MCFD	513 cuft/bbl	870 psi
9/64"	317 BOPD	161 MCFD	506 cuft/bbl	870 psi
8/64"	256 BOPD	130 MCFD	509 cuft/bbl	863 psi

The producing gas-oil ratio shows the well is not rate sensitive. The GOR is nearly constant regardless of production rate. The highest daily test rate was 746 BOPD and 453 MCFD. The well was choked back to attempt to produce below the allowable of 200 BOPD and was choked back on a 8/64", the well produced at a rate of 256 BOPD. The flowing tubing pressured increased by 3%.

The reservoir is within a relatively small plunging horst block. The reservoir energy is primarily derived from solution gas drive and a minor water drive. There is no evidence of a gas cap in the field. Sandalwood believes that producing the well at capacity (up to 750 BOPD) will not harm the reservoir.

The well is estimated to be overproduced approximately 20,278 BO as of the end of August 2010. 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. FBB) Field was discovered in August 2009 and has a discovery allowable of 200 BOPD. The Bend UWX OU/5 Lease, Well No. 1 is the second well in the field.
3. The Bend UWX OU/5 Lease, Well No. 1 was completed in June 2010, into the Consolidated Wilcox sand at a depth of 6,452 feet. The well had an initial potential of 426 BOPD, 216 MCFPD and no water with a flowing tubing pressure of 890 psi.
4. Variable rate testing of the Raccoon Bend UWX OU/5 Lease, Well No. 1 indicates that producing at rates of up to 750 BOPD will not cause waste.
 - a. The average maximum oil rate was 746 BOPD on a 17/64" choke.
 - b. The producing gas-oil ratio shows the well is not rate sensitive. The GOR remained nearly constant between 506 to 607 cuft/bbl regardless of production rate.

- c. The flowing tubing pressure increased slightly from 833 psi to 863 psi when the well was choked back to produce near the allowable rate.
5. The reservoir is within a relatively small plunging horst block. The reservoir energy is primarily derived from solution gas drive and a small water drive.
6. The well is estimated to be overproduced approximately 20,278 BO as of the end of August 2010. Cancellation of this overage 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 750 BOPD for the Bend UWX OU/5 Lease, Well No. 1 and cancellation of overproduction for the well in the Raccoon Bend (UWX Cons. FBB) 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 750 BOPD and cancellation of overproduction for the Raccoon Bend UWX OU/5 Lease, Well No. 1 in the Raccoon Bend (UWX Cons. FBB) Field in Austin County, Texas.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner