

SandRidge CEO cites Pinon Field as growth catalyst

One of the most-talked about men in the oil patch today is Tom L. Ward – co-founder of **Chesapeake Energy**, who last May acquired 41% in a West Texas producer known at the time as **Riata Energy** (now known as **SandRidge Energy**). Speculation surrounds this deal – is Ward building another Chesapeake?



After becoming the largest shareholder in **SandRidge**, Ward became chairman and CEO. In September, The company made an astronomical acquisition – buying

Carl Icahn's **NEG Oil & Gas** assets in the West Texas Overthrust play for \$1.5 billion. Estimated proved reserves were 500.5 BCFE, and production in December 2005 was ~113 MMCFeD. See *A&D Transactions* dated September 27 for details.

The deal did more than add reserves and production – it added ownership in the Pinon Field, boosting SandRidge's WI from 39% to 83%, as well as adding more than 260,000 acres in the West Texas Overthrust Belt. Pinon has been the focus of SandRidge's exploration efforts, and was, in fact, what attracted Ward to the independent producer.

Ward told the *Oil and Gas Investor*, "There's not many times in your life that you see Pinon Field assets that you can buy. This field has produced 160 BCF to date and is a 2.0 TCF asset on only 25,000 acres." He said Pinon would be SandRidge's catalyst for growth.

SandRidge was founded by Malone Mitchell, who grew up in the area. Pinon is situated in Pecos Co., the largest producing county in the Permian Basin. SandRidge amassed a large land position in the West Texas Overthrust and introduced infrastructure and operational efficiencies. SandRidge plans to have 20 drilling rigs exploring Pinon and the Longfellow Ranch area.

Longfellow Exploration Partners has ~78,000 acres concentrated under the Longfellow Ranch in Pecos Co. in the center of the Overthrust play. Since 2003, Longfellow Exploration and partners have worked with SandRidge to develop Longfellow Ranch, which lies on trend or next to and over Pinon.

Overall, the West Texas Overthrust is similar to the Rocky Mountain Overthrust play. In addition to SandRidge, active leasing has been going on around the perimeter by **Chesapeake**, **Petro Hunt**, **Clayton Williams Energy**, **Quicksilver**, and others. On the South and West borders of the play, active explorers include **Newfield**, **Occidental**, **EnCana**, **Pure Resources**, **Chevron** and others. Rumor has it that **Bass E&P** is acquiring a large position in the SW portion of the Overthrust, and **Escondido Resources** is leasing to the SE of the play.

If Tom Ward does plan on repeating the success he had with Chesapeake, it is almost certain that the Pinon Field will be one of the cornerstones of SandRidge's development plan.