

OKLAHOMA CITY, Jan. 22, 2016 /PRNewswire/ -- [SandRidge Energy, Inc.](#) (the "Company") (OTC PINK: SDOC) today announced that it and a third party have agreed to settle all claims between them arising out of a 30-year agreement for the removal of CO2 from natural gas volumes produced by the Company in the Piñon field in west Texas. Under the terms of the settlement, which was executed and closed simultaneously on January 21, 2016, the Company transferred substantially all of its exploration and production and midstream assets in the Piñon field to a wholly-owned subsidiary of [Occidental Petroleum Corp.](#) along with \$11 million cash. SandRidge was released from all past, current, and future claims and obligations related to the gas treating agreement, which contained minimum CO2 volume commitments until 2041, and the parties agreed to dismiss pending litigation between them related thereto.

The exploration and production assets, which were 99% gas, represented approximately 6% of the Company's total production and 17% of its total lease operating expense in the third quarter of 2015. As of December 31, 2015, the assets included 24,598 MBoe of proved reserves with a present value of approximately \$13.3 million based on SEC pricing. Midstream assets comprised 370 miles of gathering lines acquired from a third party in the fourth quarter of 2015, 100 miles of CO2 pipelines and other related pipeline and processing infrastructure. The agreement also includes the transfer of seismic data covering more than 1,300 square miles of the West Texas Overthrust region (WTO) and other properties in the WTO region. The transaction is expected to lower the Company's operating expenses by approximately \$39 million in 2016.

The settlement releases the Company from significant deficiency payments. The Company's Form 10-Q for the third quarter of 2015, and as of September 30, 2015, discloses the amounts the Company would have paid under the agreements for annual delivery deficiency payments for the contract years from 2012 through 2019, a portion of which has already been accrued, and the potential penalty the Company would have had to pay in 2020 to eliminate CO2 volume requirements for contract years 2020 through 2041.

James Bennett, President and CEO, commented, "After many months of focused effort, I am pleased to announce the closing of an agreement that brings an end to our west Texas CO2 delivery obligations and associated deficiency payments. In this transaction we are eliminating a significant liability while also improving our annual cash flows, both of which are consistent with our stated business objectives. With significantly lower operating expenses, we can move forward with renewed attention to the development of our Mid-Continent and Niobrara assets."

About [SandRidge Energy, Inc.](#)

[SandRidge Energy, Inc.](#) (OTC PINK: SDOC) is an oil and natural gas exploration and production company headquartered in Oklahoma City, Oklahoma with its principal focus on developing high-return, growth-oriented projects in the U.S. Mid-Continent and Niobrara Shale.

[www.sandridgeenergy.com](http://www.sandridgeenergy.com)

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