

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

DOCKET NO. 94-67-181

ORDER NO. 129-67

ORDER

This day this cause coming on to be heard at the regular April, 1967 meeting of the State Oil and Gas Board upon application of George Thurber, Jr. & Son, the present operator of the Eutaw oil wells in the Carmichael Field, Clarke County, Mississippi, and as the agent and representative of Templeton Oil Company, a Delaware corporation, the duly designated operator of the Carmichael Unit, Carmichael Field, Clarke County, Mississippi, for the purpose of adopting Special Field Rules for the Eutaw Oil Pool, Carmichael Field, Clarke County, Mississippi, and the Board finding that due and legal notice of the meeting of this Board for the purpose of considering said application has been given in the manner and form provided by the rules and regulations of this Board and as prescribed by law, and that due, legal and sufficient proofs of publication are on file with the Board and that said Board has full jurisdiction of the parties and the subject matter and the right to hear this cause for the purpose of considering said petition, and the Board having received all of the evidence and heard the arguments of counsel submitted in connection with said cause, is of the opinion that said Special Field Rules should be adopted as hereinafter set out and finds that such rules herein promulgated will promote development of oil and gas, bring about the greatest ultimate recovery of oil and gas from the said field, equalize drainage between units, enforce and protect the co-equal and correlative rights of the owners of the common sources of oil and gas so that each common owner may obtain his just and equitable share of production, and will prevent waste.

The Board further finds that the Carmichael Field located within Sections 4, 5, 6, 7, 8 and 9, Township 1 North, Range 17 East, Clarke County, Mississippi, is productive of oil and gas from the Eutaw Oil Pool underlying said field.

The Board further finds from the evidence introduced herein that all of the owners of the separate holdings consisting of oil, gas and mineral leases and operating interests therein have heretofore executed or agreed to execute a Unit Operating Agreement and a Unit Agreement and that a majority of the owners of all interests therein other than operating interests have executed the Unit Agreement, which Agreements provide for the field-wide unitization of the Eutaw Oil Pool of the Carmichael Field and for the development and operation thereof, said Agreements being made for the protection of the correlative rights of the owners within the field, for the prevention of waste and for the enhancement of the recovery of hydrocarbons from said pool in said field, and are valid, effective and binding contracts between all of the owners of operating interests and owners of interests other than operating interests within said pool who have executed the same; and the Board finds that it is necessary to adopt Special Field Rules for the Carmichael Field in order to provide for the operation of said pool in said field on a unitized basis as provided for in said Agreements.

IT IS, THEREFORE, HEREBY ORDERED by the State Oil and Gas Board of Mississippi that the following Special Field Rules for the Eutaw Oil Pool, Carmichael Field, Clarke County, Mississippi, be and the same are hereby adopted:

SPECIAL FIELD RULES
FOR THE CARMICHAEL FIELD
CLARKE COUNTY, MISSISSIPPI

The Carmichael Field as used herein is that area consisting of Sections 4, 5, 6, 7, 8 and 9, Township 1 North, Range 17 East, Clarke County, Mississippi, including all productive extensions thereof underlain

by the Eutaw Oil Pool.

1. The Eutaw Oil Pool as used herein shall be construed to mean all that geologic stratum occurring between the depths of 3,750 feet and 4,000 feet as shown on the electric log of the M. W. Berry & George Thurber, Jr. & Son - Keeton Well No. B-1, located in SW $\frac{1}{4}$ of NE $\frac{1}{4}$, Section 6, Township 1 North, Range 17 East, and the stratigraphic equivalent thereof underlying the Unit Area.

2. The area defined as lying within the Carmichael Field consists of regular governmental sections of approximately 640 acres each. With respect to the Eutaw Oil Pool, the Carmichael Unit has been created by voluntary agreement of 100% of all of the operating owners and more than 85% of all of the royalty owners, with respect to which it is proper and necessary for the promotion of conservation to consider and treat the Unit Area in said pool as a single drilling and producing unit as to all tracts therein contained, subject only to such limitations as may be required in order to protect the co-equal and correlative rights of all those owners in those tracts who have not by voluntary consent joined in the Carmichael Unit. As to said pool, the rules hereinafter provided applicable to it will enable said pool to be efficiently drilled and the recoverable oil and gas therein contained to be recovered with full protection of the co-equal and correlative rights of all parties and without avoidable waste.

RULE 1: SPACING OF OIL WELLS

A. (1) A fieldwide drilling unit is hereby established for each and all oil wells drilled and completed as consisting of the Unit Area affected by the Unit Agreement, Carmichael Unit, Carmichael Field, Clarke County, Mississippi underlain by the Eutaw Oil Pool and shall not include all or any portion of any individual drilling unit as defined in sub-section (2) hereof.

(2) Each oil drilling unit heretofore established or that may be hereafter established under the provisions of statewide rules and

with respect to which any ownership of an operating or royalty interest has not been made subject to the Unit Agreement creating the Carmichael Unit shall maintain its status as a drilling unit.

B. When used in these rules, the term "individual drilling unit" shall mean a developed drilling unit now existing in the Carmichael Field or hereinafter created in accordance with statewide rules wherein the ownership of any operating or royalty interest has not been made subject to the Unit Agreement creating the Carmichael Unit.

C. The location of wells upon any individual drilling unit shall be covered by applicable statewide rules promulgated by this Board. The location of wells upon the fieldwide unit shall be governed by standards of geology and petroleum engineering designed to promote the greatest ultimate recovery of the hydrocarbons contained in the pool. However, no well in said pool may be drilled nearer than three hundred thirty (330) feet from any boundary of the fieldwide unit except upon permit issued by the Board after notice and hearing.

RULE 2: ALLOCATION OF PRODUCTION

A. The maximum efficient daily rate of production of said pool shall be determined and fixed by the Board, which shall be such pool's daily allowable production.

B. The daily allowable of said pool shall be allocated as follows: To each individual drilling unit, there shall be allocated that proportionate part of the pool's daily allowable that the surface acreage content of such individual drilling unit bears to the total surface acreage contained within all individual drilling units plus the total surface acreage contained within the fieldwide unit. The remainder of the daily allowable shall be allocated to the fieldwide unit.

C. Any unit which is not capable of producing without committing waste, the allowable assigned to it under Rule 2 (B) shall be considered as a deficient unit. The difference between the allowable assigned to a deficient

unit and that which it is capable of producing without waste shall be distributed by the Board to the non-deficient units on the surface-acreage basis of apportionment prescribed in said Rule 2 (B).

D. The allowable production of the fieldwide unit may be produced by any well or wells on said unit provided, however, that no well shall be operated in such manner as to cause waste as defined by the Laws of Mississippi and no fieldwide unit wells directly or diagonally offsetting individual drilling units shall be allowed to produce more than twice the daily allowable assigned to non-deficient individual drilling units.

RULE 3: PRESSURE MAINTENANCE AUTHORIZED

A. Templeton Oil Company, as operator of the Carmichael Unit, is hereby authorized to conduct pressure maintenance operations in the Eutaw Oil Pool of the Carmichael Field by the injection of water into the following wells:

Berry-Thurber Long-Bell No. 1

Berry-Thurber Carmichael-Long-Bell No. 1

Berry-Thurber-Keeton-Carmichael-School-Church No. 1

B. As pressure maintenance operations progress, said operator may use for fluid injection purposes additional wells, either converted producing wells and/or wells drilled for such use; provided that prior to the use of such additional wells for injection purposes, the operator must file with the Oil and Gas Board a plat showing the location of such additional injection wells and the applicable information required by Statewide Rule 45.

C. The conversion of producing wells to injection wells will not affect the fieldwide unit allowable as determined by Rule 2.

D. Templeton Oil Company, as operator of the Carmichael Unit, is hereby authorized to convert and re-complete, in accordance with its plan of operations, the Berry-Thurber-Carmichael-Long-Bell No. A-1 Well and the Berry-Thurber-International No. 3 Well, both located in Section 5, Township 1 North, Range 17 East, as source wells for water to be injected

into injection wells as provided in Rule 3 A herein.

RULE 4: MEASUREMENT OF PRODUCTION

The operator of each producing lease shall maintain proper separators and stock tanks or metering devices and such connections thereto as are necessary to continuously measure the total production from such leases. Where metering devices are used, as herein provided, the production may be commingled in a common storage system. And if, upon a sale therefrom a variance exists between the measurement from the common storage system and the total measurement of the production of all the leases commingled in such common storage system, then such variance shall be allocated back to each of the leases producing into common storage system proportionately to the production measured from each lease.

RULE 5: EQUIPMENT FOR TESTS

A. Each producing well shall be so equipped that gas/oil ratio tests and bottom hole or other pressure tests may be made.

B. The operator of each producing lease on which are two or more producing wells shall maintain proper separators and stock tanks or metering devices and such connections thereto as will permit the adequate testing of each individual well under usual operating conditions without the necessity of closing in any other well.

RULE 6: USE OF METERS

A. The use of meters for testing and for measurement of lease production shall be subject to and in accordance with the following provisions:

(1) Only a volume displacement type metering device or vessel which registers the volume of oil passed through it in barrels or multiples thereof may be used.

(2) All meters shall be downstream of the necessary separating or treating vessels. All meters shall be designed and installed in conformance with recognized metering practices and shall be subject to the approval of the Supervisor of the Oil and Gas Board.

(3) No meter used for oil production measurement shall be directly or indirectly by-passed in such manner as to permit oil to pass into common storage without first being measured.

(4) All meters and equipment affecting meter accuracy shall be kept in good working order. Each meter shall be calibrated at least once a month by means of a calibrated tank, a calibrated meter prover or a master meter. When a meter is found to deviate in its recording by more than two per cent (2%), it must be adjusted to conform to the said tolerance limitation of two per cent or the meter calibration factor corrected.

(5) The corrected meter reading at 7:00 A.M. on the first day of each month for each meter shall be reported on the bottom of the form used in reporting the monthly production from the wells being measured by such meter.

RULE 7: APPLICABILITY OF STATEWIDE RULES

A. All rules and regulations contained in Statewide Order No. 201-51, and any amendments thereto, not specifically covered in the foregoing Special Field Rules are hereby adopted and shall apply to said field.

B. The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any and all of the foregoing rules and regulations.

ORDERED this the 19th day of April, 1967.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By Robert W. Farland
CHAIRMAN