

JAN 5 1984

STATE OIL AND GAS BOARD
A. Richard Henderson, Supervisor

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF TXO PRODUCTION CORP.)
 TO AMEND THE SPECIAL FIELD RULES FOR)
 CEDAR GROVE FIELD IN MONROE COUNTY,)
 MISSISSIPPI, SO AS TO ALLOW 320 ACRE) DOCKET NO. 354-83-384
 SPACING FOR GAS WELLS DRILLED ABOVE)
 A MEASURED DEPTH OF 6,000 FEET BELOW) ORDER NO. 485-83
 THE SURFACE)

ORDER

This day this cause came on to be heard by the State Oil and Gas Board of Mississippi on the Amended Petition of TXO Production Corp., requesting the adoption of Special Field Rules for Cedar Grove Field, Monroe County, Mississippi, and finds as follows, to-wit:

1.

That on February 20, 1974, by Order No. 19-74, issued pursuant to a Petition filed in Docket No. 9-74, this Board adopted Special Field Rules for the Cedar Grove Field, Monroe County, Mississippi, wherein said field was designated as Sections 7, 8, 9, 16, 17 and 18, Township 15 South, Range 17 West, Monroe County, Mississippi, and wherein 320 acre spacing was provided for every well drilled as a gas well above the measured depth of 6,000 feet below the surface.

2.

That on October 16, 1974, in Order No. 220-74, issued pursuant to Petition filed in Docket No. 144-74-384, this Board amended the said Special Field Rules for Cedar Grove Field so as, among other things, to provide for 640 acre spacing for every well drilled as a gas well above a measured depth of 6,000 feet below the surface.

3.

That Petitioner filed an Amended Application for Permit to Drill a gas well to a depth of 4,150 feet or to a depth sufficient to test the Carter Sand and Lewis Sand of the Mississippian Formation in said Cedar Grove Field on a proposed 320 acre unit comprising the East Half of Section 17, Township 15 South, Range 17 West, provided this Board amends the Special Field Rules so as to allow such spacing.

4.

That Petitioner proposes that the Special Field Rules for Cedar Grove Field be amended to read and provide as set forth in the proposed Special Field Rules attached hereto as Exhibit "A".

5.

That the characteristics of the Carter Sand, generally, and the Lewis Sand as the same occur in the Cedar Grove Field are such that a well located therein and drilled upon a drilling unit consisting of 640 contiguous acres and conforming to the present requirements of the Special Field Rules of Cedar Grove Field will not efficiently and effectively drain and produce the recoverable gas from such units and will result in waste.

6.

That the characteristics of the Carter Sand, generally, and the Lewis Sand as the same occurs in the Cedar Grove Field are such that a well located as hereinafter set forth in the proposed Amended Special Field Rules and drilled upon a drilling unit consisting of approximately 320 contiguous acres and otherwise conforming to the requirements of the said proposed Amended Special Field Rules will effectively drain and produce the recoverable

gas from such units without unavoidable waste. That it is necessary to amend said Special Field Rules for the Cedar Grove Field in the interest of conservation of the hydrocarbons underlying said field in the Carter Sand and in the Lewis Sand.

7.

That the proposed amendments to the Special Field Rules for Cedar Grove Field are necessary in order to prohibit waste, protect and enforce the coequal and correlative rights of the owners in the field, insure a just and equitable share of production therefrom and promote full development.

IT IS, THEREFORE, ORDERED AND ADJUDGED, that the Special Field Rules for Cedar Grove Field in Monroe County, Mississippi should be and are hereby amended so as to be, read and provide as set forth on the attachment hereto entitled "Special Field Rules for Cedar Grove Field, Monroe County, Mississippi" and indentified as Exhibit "A", which said attachment is made a part hereof by reference.

ORDERED AND ADJUDGED, this the 21st day of December, 1983.

STATE OIL AND GAS BOARD OF
MISSISSIPPI

BY: Joe R. Sanchez, Jr.
CHAIRMAN

310/OR.1

SPECIAL FIELD RULES
FOR THE CEDAR GROVE FIELD
MONROE COUNTY, MISSISSIPPI

The Cedar Grove Field, as used herein, is that area constituted of the following described land, to-wit:

Sections 7, 8, 9, 16, 17 and 18, Township
15 South, Range 17 West, Monroe County,
Mississippi,

underlain by the Carter Sand Gas Pool and the Lewis Sand of the Mississippian Formation, as hereinafter defined, and all productive extensions thereof.

I. The Carter Sand Gas Pool in the Cedar Grove Field shall be construed to mean those strata of the Mississippian Formation productive of gas in the interval between the electric log depths of 3330 feet to 3422 feet encountered in the Moon-Hines, et al - #1 Boyette-Smith Well, as indicated on the electric log of said well, and all sands correlative of these strata productive of gas, said well being located 1618 feet South of the North line and 1767 feet East of the West line of Section 17, Township 15 South, Range 17 West, Monroe County, Mississippi.

II. The characteristics of said Carter Sand Gas Pool, the Carter Sands generally and the Lewis Sands of the Mississippian Formation in said field are such that a well located as hereinafter prescribed and drilled upon a drilling unit containing approximately 320 contiguous surface acres conforming to the requirements of the rules herein contained will efficiently drain and produce the recoverable gas from such units in said pool without avoidable waste.

RULE 1 - SPACING OF GAS WELLS:

Every well drilled as a gas well above a measured depth of 6,000 feet below the surface:

(a) shall be located on a drilling unit consisting of 320 contiguous surface acres, or a governmental half-section containing not less than 300 acres or more than 340 acres, upon which no other drilling or producible well is located;

(b) Any gas drilling unit not a governmental half-section must be completely encompassed by the perimeter of a rectangle 3735 feet by 5380 feet; provided, however, no unit shall be permitted which will create island acreage.

(c) The well shall be located at least 1320 feet from every other drilling or producible well located in conformity with this rule; and

(d) The well shall be located not less than 660 feet from every exterior boundary of the unit.

RULE 2 - 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 AND ADJUDGED this 21st day of December, 1983.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By Joe R. Sanchez, Jr.
CHAIRMAN