

AUG 3 1992

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

STATE OIL AND GAS BOARD
A. Richard Henderson, Supervisor

RE: PETITION OF UNION OIL COMPANY OF CALIFORNIA TO
AMEND THE SPECIAL FIELD RULES FOR SOUTH CENTRE-
VILLE FIELD, WILKINSON COUNTY, MISSISSIPPI.

DOCKET NO. 158-92-699

ORDER NO. 230-92

ORDER

This matter having come before the State Oil and Gas Board of Mississippi for hearing on the Petition of Union Oil Company of California to amend the Special Field Rules for South Centreville Field, in Wilkinson County, Mississippi, such hearing having been called for said purpose; and

WHEREAS, the Board finds that due, proper and legal notice of the meeting of the Board for the purpose of considering and taking action with respect to such matter was given in the manner and way provided by law, and by the rules and regulations of the Board; that due, legal and sufficient proofs of publication are on file with the Board; and that the Board has full jurisdiction of the subject matter to hear and determine same; and

WHEREAS, pursuant to said notice, public hearing was held by said Board in the Board Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on July 15, 1992, at which hearing this matter was presented and all persons present who desired to be heard on said matter were heard and all evidence was duly considered by those present at said meeting; and

WHEREAS, the Board, having fully considered said matter and the evidence and recommendations made by Union Oil Company of California, as Petitioner, hereby finds as follows:

(1) Special Field Rules for South Centreville Field in Wilkinson County, Mississippi, were originally adopted by the State Oil and Gas Board of Mississippi by Order No. 99-88,

dated March 16, 1988, entered in Docket No. 56-88-699, and were thereafter amended by the Board to their present form by Order No. 550-90 dated November 21, 1990, entered in Docket No. 281-90-699.

(2) The Special Field Rules for South Centreville Field, hereinafter referred to at times for convenience simply as the "Special Field Rules," defines the field as consisting of the following-described lands:

"Sections 42, 43, 44, 45, and 46, Township 1 North, Range 1 East, Wilkinson County, Mississippi; the East Half (E 1/2) of Section 47, Township 1 North, Range 1 West, Wilkinson County, Mississippi; and the Southeast Quarter (SE 1/4) of Section 34, Township 1 North, Range 1 West, Wilkinson County, Mississippi"

underlain by the Lower Tuscaloosa "A" Sand Gas Pool, as it is defined in the Special Field Rules, together with all productive extensions thereof.

(3) At present, only one (1) pool has been defined in the Special Field Rules for South Centreville Field, being the Lower Tuscaloosa "A" Sand Gas Pool:

"The Lower Tuscaloosa "A" Sand Gas Pool in the South Centreville Field, Wilkinson County, Mississippi, shall be construed to mean those strata of the Tuscaloosa Formation productive of gas and gas condensate in the interval between the electric log depths of 13,266 feet and 13,284 feet in the Stephens-Griffin & Griffin Oil Co., Inc. - James #1 Well, said well being located 2,300 feet west of the east line and 2,030 feet south of the north line of Section 44, Township 1 North, Range 1 East, Wilkinson County, Mississippi, as indicated on the electric log of said well, and as further defined in the interval between the electric log depths of 13,301 feet and 13,343 feet in the Unocal Exploration Corporation - Joseph A. Rollins 45-10 Well No. 1, said well being located 1,400 feet north of the south line and 1,750 feet west of the east line of Section 45, Township 1 North, Range 1 East, Wilkinson County, Mississippi, as indicated on the electric log of said well, and all sands correlative of these strata productive of gas and gas condensate."

(4) Union Oil Company of California, referred to hereinafter at times for convenience simply as "Union," is a California corporation qualified to do, and doing, business in the State of Mississippi, whose address is: 401 Audubon Boulevard, Post Office Box 51388, Lafayette, Louisiana 70505

and whose telephone number is: (318) 232-9724. Union, as successor by merger of Unocal Exploration Corporation, is the duly authorized operator of all of the wells located in South Centreville Field and, as such, is the operator of the well now known as the "Union Oil Company of California - Edward S. Rollins 42-5 No. 1 Well" located 2,704 feet north of the south line and 132 feet east of the west line of Section 42, Township 1 North, Range 1 East, Wilkinson County, Mississippi.

(5) The Edward S. Rollins 42-5 No. 1 Well was drilled at a regular location to a depth of 13,348 feet to test all formations encountered pursuant to Permit No. 202, dated February 19, 1992, as authorized by Order No. 41-92 entered in Docket No. 31-92-699. Said well was successfully completed as a gas and gas condensate well on or about May 27, 1992, in the Lower Tuscaloosa Formation at the interval between the electric log depths of 13,196 feet and 13,218 feet as found in said well.

(6) Union has shown that the reservoir encountered by the Union Oil Company of California - Edward S. Rollins 42-5 No. 1 Well is separate and distinct from the pool presently defined in the Special Field Rules for South Centreville Field as the Lower Tuscaloosa "A" Sand Gas Pool. It is therefore necessary and appropriate to amend the Special Field Rules to define said newly discovered gas pool.

(7) The pool discovered by the Union Oil Company of California - Edward S. Rollins 42-5 No. 1 Well shall be referred to as the "Lower Tuscaloosa North 'A' Sand Gas Pool," and shall be defined as follows:

"The Lower Tuscaloosa North 'A' Sand Gas Pool in the South Centreville Field, Wilkinson County, Mississippi, shall be construed to mean those strata of the Lower Tuscaloosa Formation productive of gas and gas condensate in the interval between the electric log depths of 13,196 feet and 13,218 feet in the Union Oil Company of California - Edward S. Rollins 42-5 No. 1 Well, said well being located 2,704 feet north of the south line and 132 feet east of the west line, Section 42, Township 1 North, Range 1 East, Wilkinson County, Mississippi,

as indicated on the electric log of said well, and those sands productive of gas and gas condensate correlative to and in communication therewith."

Said pool appears to underlay lands located in Sections 42 and 43, Township 1 North, Range 1 East, Wilkinson County, Mississippi, all of which are located within the present field limits of South Centreville Field.

(8) The definition of the presently defined pool, the Lower Tuscaloosa "A" Sand Gas Pool, shall be amended as follows:

"The Lower Tuscaloosa "A" Sand Gas Pool in the South Centreville Field, Wilkinson County, Mississippi, shall be construed to mean those strata of the Lower Tuscaloosa Formation productive of gas and gas condensate in the interval between the electric log depths of 13,266 feet and 13,284 feet in the Stephens-Griffin & Griffin Oil Co., Inc. [now Union Oil Company of California] - James #1 Well, said well being located 2,300 feet west of the east line and 2,030 feet south of the north line of Section 44, Township 1 North, Range 1 East, Wilkinson County, Mississippi, as indicated on the electric log of said well, and as further defined in the interval between the electric log depths of 13,301 feet and 13,343 feet in the Unocal Exploration Corporation [now Union Oil Company of California] - Joseph A. Rollins 45-10 Well No. 1, said well being located 1,400 feet north of the south line and 1,750 feet west of the east line of Section 45, Township 1 North, Range 1 East, Wilkinson County, Mississippi, as indicated on the electric log of said well, and those sands correlative to and in communication therewith."

(9) The spacing provided for under Rule 8 of the State-wide Rules and Regulations is the proper spacing for development of and production from the Lower Tuscaloosa North "A" Sand Gas Pool, and the Special Field Rules for South Centreville Field should be amended to so provide as set forth in Exhibit "A" to this Order. Also, all rules and regulations contained in Statewide Order No. 201-51, and any amendments thereto, not specifically covered in the Amended Special Field Rules for said pool shall be adopted therefor.

(10) The Amended Special Field Rules for South Centreville Field will safeguard, protect and enforce co-equal and correlative rights of all owners in the respective pools to the end that each such owner may obtain his just and equitable share of production therefrom, and will prevent waste in the drilling of unnecessary wells.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules for South Centreville Field in Wilkinson County, Mississippi, be, and the same hereby are, amended to define the Lower Tuscaloosa North "A" Sand Gas Pool and, also, to provide as set forth in Exhibit "A" which is attached hereto and fully incorporated herein by reference.

SO ORDERED AND ADJUDGED on this, the 15th day of July, 1992.

MISSISSIPPI STATE OIL AND GAS BOARD

By: Joseph S. Jucaro
CHAIRMAN

AMENDED SPECIAL FIELD RULES
FOR
SOUTH CENTREVILLE FIELD
WILKINSON COUNTY, MISSISSIPPI

I. FIELD AREA:

The South Centreville Field, as used herein, is that area consisting of the following-described land, to-wit:

Sections 42, 43, 44, 45 and 46, Township 1 North, Range 1 East, Wilkinson County, Mississippi; the East Half (E 1/2) of Section 47, Township 1 North, Range 1 West, Wilkinson County, Mississippi; and the Southeast Quarter (SE 1/4) of Section 34, Township 1 North, Range 1 West, Wilkinson County, Mississippi,

as is underlain by the Lower Tuscaloosa "A" Sand Gas Pool and the Lower Tuscaloosa North "A" Sand Gas Pool, as herein-after defined, and all productive extensions thereof.

II. POOL DEFINITIONS:

The following-described pools, productive of gas and gas condensate, are separate and distinct reservoirs which are not in communication with any other producing reservoir, formation, pool or horizon.

(A) The Lower Tuscaloosa "A" Sand Gas Pool in the South Centreville Field, Wilkinson County, Mississippi, shall be construed to mean those strata of the Lower Tuscaloosa Formation productive of gas and gas condensate in the interval between the electric log depths of 13,266 feet and 13,284 feet in the Stephens-Griffin & Griffin Oil Co., Inc. [now Union Oil Company of California] - James #1 Well, said well being located 2,300 feet west of the east line and 2,030 feet south of the north line of Section 44, Township 1 North, Range 1 East, Wilkinson County, Mississippi, as indicated on the electric log of said well, and as further defined in the interval between the electric log depths of 13,301 feet and 13,343 feet in the Unocal Exploration Corporation [now Union Oil Company of California] - Joseph A. Rollins 45-10 Well No. 1, said well being located 1,400 feet north of the south line and 1,750 feet west of the east line of Section 45, Township 1 North, Range 1

East, Wilkinson County, Mississippi, as indicated on the electric log of said well, and those sands productive of gas and gas condensate correlative to and in communication therewith.

(B) The Lower Tuscaloosa North "A" Sand Gas Pool in South Centreville Field, Wilkinson County, Mississippi, shall be construed to mean those strata of the Lower Tuscaloosa Formation productive of gas and gas condensate in the interval between the electric log depths of 13,196 feet and 13,218 feet in the Union Oil Company of California - Edward S. Rollins 42-5 No. 1 Well, said well being located 2,704 feet north of the south line and 132 feet east of the west line, Section 42, Township 1 North, Range 1 East, Wilkinson County, Mississippi, as indicated on the electric log of said well, and those sands productive of gas and gas condensate correlative to and in communication therewith.

III. RULES:

(A) SPACING OF WELLS - RULE 1

(1) Lower Tuscaloosa "A" Sand Gas Pool - The characteristics of said Lower Tuscaloosa "A" Sand Gas Pool in said field are such that a well located on a regularly formed drilling unit conforming to the requirements of the rules herein contained will adequately and efficiently drain and produce the recoverable gas and gas condensate from such unit in said pool without avoidable waste. Every well drilled as a gas well to the Lower Tuscaloosa "A" Sand Gas Pool:

(a) Shall be located on a drilling unit consisting of (i) 320 contiguous surface acres; or (ii) a governmental half-section containing not less than 300 acres or more than 340 acres; or (iii) eight (8) contiguous governmental quarter-quarter sections whose total acreage is not less than 300 or more than 340 acres. In any case, no other well producing from the same pool shall be located on any such unit.

(b) Any gas drilling unit formed under section (a) of this rule must be completely encompassed by the perimeter of a rectangle 3,735 feet by 5,380 feet. Provided, however, no unit shall be permitted which will create island acreage.

(c) The well shall be located at least 1,980 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule; and

(d) The well shall be located not less than 990 feet from every exterior boundary of the drilling unit.

(2) Lower Tuscaloosa North "A" Sand Gas Pool - The characteristics of said Lower Tuscaloosa North "A" Sand Gas Pool in said field are such that a well located on a regularly formed drilling unit conforming to the requirements of the rules herein contained will adequately and efficiently drain and produce the recoverable gas and gas condensate from such unit in said pool without avoidable waste. Every well drilled as a gas well to the Lower Tuscaloosa North "A" Sand Gas Pool:

(a) Shall be located on a drilling unit consisting of (i) 640 contiguous surface acres; or (ii) a governmental section containing not less than 600 acres or more than 680 acres; or (iii) sixteen (16) contiguous governmental quarter-quarter sections whose total acreage is not less than 600 acres or more than 680 acres. In any case, no other well producing from the same pool shall be located on any such unit;

(b) Any gas drilling unit formed under section (2)(a) of this rule must be completely encompassed by the perimeter of a rectangle 5580 feet by 6245 feet. Provided, however, no unit shall be permitted which will create island acreage;

(c) The well shall be located at least 3,000 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule; and

(d) The well shall be located not less than 1,500 feet from every exterior boundary of the drilling unit.

(B) APPLICABILITY OF STATEWIDE RULES - RULE 2:

(1) 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.

(2) The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any and all of the rules and regulations contained herein.

- END OF AMENDED SPECIAL FIELD RULES -