

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF SPOONER PETROLEUM
COMPANY TO AMEND THE SPECIAL
FIELD RULES TO PROVIDE FOR 80 ACRE
SPACING AND FOR INCREASED DENSITY
WELLS AND NEW POOL DEFINITIONS IN
THE CISTERCIAN FIELD, JASPER
COUNTY, MISSISSIPPI

APR 08 2013

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 110-2013-D

ORDER NO. 189-2013

ORDER

THIS CAUSE came to be heard on the Petition of Spooner Petroleum Company ("Petitioner") requesting the Board to amend the Special Field Rules to provide for 80 acre spacing, for increased density wells, and for new pool definitions for the Cistercian Field ("the Field"), Jasper county, Mississippi;

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 required by the rules and regulations of the Board; that due, legal, and sufficient proofs of publication and service 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, a public hearing was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on March 20, 2013, at 10:00 o'clock a.m. at which hearing all persons present who desired to be heard on said matter were heard and all testimony and the evidence were duly considered by those present at said meeting; and

WHEREAS, the Board has fully considered said matter and the evidence and recommendations made in said hearing and finds as follows:

1.

Petitioner plans to drill wells in the Field. The Special Field Rules for the Field were last adopted or amended in this Field in Docket No. 128-83-340, Order No. 1823-83.

2.

Petitioner seeks authority to amend the rules to provide 80 acre unit spacing and provide increased density rules for the Sligo, Hosston and Lower Hosston Oil Pools (the "Pools") for each unit in the Field and to adopt appropriate well spacing rules. The Pools are also being completely redefined for better development.

3.

Increased density wells are necessary to recover additional oil which would not be recovered by a single well. The Pools are lenticular that come and go throughout the Field. This means that one well may not efficiently drain any of the Pools. Increased density wells are necessary as well as a change in the well spacing. Therefore, for engineering reasons, the amendment to the Special Field Rules should be granted to redefine the spacing for the Pools to 80 acre with 330 feet unit line distances and to allow up to two increased density wells in each of the Pools for each unit. The increased density wells are the best possible manner to produce additional oil to protect the co-equal and correlative rights of all owners in the common source or supply.

4.

The amendment to the Special Field Rules promotes conservation, protects the co-equal and correlative rights of all owners of all owners in interest, avoids the drilling of unnecessary wells and permits oil and gas to be produced which would not otherwise be recoverable.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the Special Field Rules for the Cistercian Field shall be and hereby are amended as follows:

**SPECIAL FIELD RULES
CISTERCIAN FIELD
JASPER COUNTY, MISSISSIPPI**

A. FIELD AREA:

The Cistercian Field, as used herein, is that area consisting of the following lands in Jasper County, Mississippi, to wit:

TOWNSHIP 3 NORTH, RANGE 12 EAST

- Section 20: The S¹/₂ of the S¹/₂.
- Section 28: The W¹/₂ and the SE¹/₄
- Section 29: The E¹/₂ and the E¹/₂ of the NW¹/₄
- Section 33: The N¹/₂

Including all productive extensions thereof underlain by the Sligo Oil Pool, the Hosston Oil Pool and the Lower Hosston Oil Pool and any productive extensions thereof.

B. POOL DEFINITIONS:

(1) The Sligo Oil Pool, as used herein, shall be construed to mean those strata of the Sligo Formation productive of oil from 9,526 feet to 9,740 feet in the Harkin & Company – Cistercian Monestary No. 1 Well located in the NE¹/₄ of the SE¹/₄ of Section 29, Township 3 North, Range 12 East, Jasper County, Mississippi, and including those productive strata which are interconnected and can be correlated therewith.

(2) The Hosston Oil Pool, as used herein, shall be construed to mean those strata of the Hosston Formation productive of oil from 9,740 feet to 10,480 feet in the Harkin & Company – Cistercian Monestary No. 1 Well located in the NE¹/₄ of the SE¹/₄ of Section 29, Township 3 North, Range 12 East, Jasper County, Mississippi, and including those productive strata which are interconnected and can be correlated therewith.

(3) The Lower Hosston Oil Pool, as used herein, shall be construed to mean

those strata of the Hosston Oil Pool Formation productive of oil from 10,480 feet to 10,894 feet in the Harkin & Company – Cistercian Monestary No. 1 Well located in the NE¹/₄ of the SE¹/₄ of Section 29, Township 3 North, Range 12 East, Jasper County, Mississippi, and including those productive strata which are interconnected and can be correlated therewith.

C. RULES:

RULE 1 - SPACING FOR OIL WELLS:

Every well drilled as a gas well to the Sligo Oil Pool, the Hosston Oil Pool and the Lower Hosston Oil Pool:

(a) Shall be located on a drilling unit consisting of (1) eighty (80) contiguous surface acres; or (2) two (2) contiguous governmental quarter/quarter sections containing not less than seventy-two (72) acres or more than eighty-eight (88) acres. The word "contiguous" as used herein shall mean bordering each other in more than one spot.

(b) Any oil drilling unit not composed of two (2) governmental quarter/quarter sections must be completely encompassed by the perimeter of a rectangle 1,600 feet by 2,725 feet. Provided, however, no unit shall be permitted which will create island acreage.

(c) Each well shall be located at least 330 feet from every other oil well completed in or producing from the same pool located in conformity with this rule.

(d) Each well shall be located not less than 330 feet from every exterior boundary of the drilling unit.

(e) Each unit may contain up to two (2) producing wells in each of the Sligo Oil Pool, the Hosston Oil Pool, and the Lower Hosston Oil Pool.

(f) Increased density wells may be measured on a unit rather than an individual well basis.

(g) Any unit that is integrated for an initial well under Miss. Code Ann. §

53-3-7(1) shall remain integrated for an increased density well under Miss. Code Ann. § 53-3-7(1) without the necessity to file an additional docket.

RULE 2 -- RATABLE TAKE:

(a) Each person now or hereafter engaged in the business of purchasing oil or gas from owners, operators, or producers in this field shall purchase the same without discrimination in favor of one owner, operator or producer as against another in the same common source of supply.

(b) No owner, operator, or producer of oil or gas shall abuse correlative rights of any other owner, producer, or operator in a common source of supply of oil or gas by causing disproportionate or unratable withdrawals therefrom or by causing undue drainage between tracts or units, resulting in one or more owners, producers, or operators producing or withdrawing more than his or their just and equitable share from said common source of supply, allowance to be made for deficient wells.

RULE 3 -- APPLICABILITY OF STATEWIDE RULES:

3.1 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.

3.2 The Board expressly reserves the right after notice and hearing to alter, amend or repeal any and all of the foregoing Rules and Regulations.

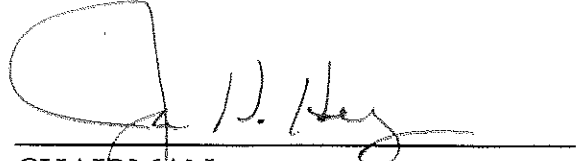
*****End of Special Field Rules*****

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after March 20, 2013.

IT IS FURTHER ORDERED AND ADJUDGED that Petitioner shall acquire any other permits, if any, required by any other permitting authority.

ORDERED AND ADJUDGED this 5th day of April, 2013.

STATE OIL AND GAS BOARD OF
MISSISSIPPI


CHAIRMAN

Prepared By:

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