

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

IN THE MATTER OF THE APPLICATION OF SKELLY OIL)
COMPANY FOR THE ADOPTION OF FIELD RULES) DOCKET NO. 176-67-258
INCLUDING 80-ACRE DRILLING AND SPACING UNITS)
FOR THE LOWER TUSCALOOSA POOL OF THE CONERLY) ORDER NO. 237 -67
FIELD, PIKE COUNTY, MISSISSIPPI.)

O R D E R

This cause came on for hearing before the State Oil and Gas Board of Mississippi on the 19th day of July, 1967, at 9:30 a.m., in the Second Floor Auditorium of the Woolfolk State Office Building, Jackson, Mississippi, pursuant to notice given as required by law and the rules and regulations of the Board upon the application of Skelly Oil Company.

This Board having heard the evidence of witnesses, both orally and documentary, and being fully advised in the premises, finds as follows:

1. That this is the application of Skelly Oil Company for the adoption of Special Field Rules for the Conerly Field, Pike County, Mississippi.
2. That the Board has jurisdiction over the subject matter herein; that notice has been given in all respects as required by law.
3. That the applicant is the owner of oil and gas interests in the Conerly Field, and has drilled wells within the area which encountered the Lower Tuscaloosa formation, which is productive of oil and associated hydrocarbons.
4. It is the testimony in this cause that one well will adequately drain the recoverable oil and associated hydrocarbons from said formation underlying 80 acres and that it is unnecessary to drill wells on a closer pattern and an order should be issued adopting Special Field Rules, including 80-acre drilling and spacing units for said formation.
5. That in the interest of securing the greatest ultimate recovery from the pool, the prevention of waste and the protection of correlative rights, this application should be granted.

IT IS THEREFORE ORDERED by the State Oil and Gas Board of Mississippi that the following Special Field Rules be and the same are hereby adopted for the Conerly Field located in Pike County, Mississippi, to take effect on and after 7:00 a.m. on the first day of August, 1967, to-wit:

SPECIAL FIELD RULES FOR THE
CONERLY FIELD,
PIKE COUNTY, MISSISSIPPI

FIELD LIMITS:

The Conerly Field as used herein is that area in Sections 34 and 35, Township 3 North, Range 9 East, and Sections 2 and 3, Township 2 North, Range 9 East, Pike County, Mississippi, underlain by the Lower Tuscaloosa Oil Pool as hereinafter defined, and all productive extensions thereof.

LOWER TUSCALOOSA OIL POOL DEFINED:

The Lower Tuscaloosa Oil Pool in the Conerly Field shall be construed to mean those strata of the Lower Tuscaloosa formation productive of oil in the interval between 10,450 feet and 10,650 feet in the Skelly Oil Company - J. A. Brady Well No. 1, located 450 feet from the north line and 330 feet from the east line of the SE/4 SE/4 Section 34, Township 3 North, Range 9 East, Pike County, Mississippi, as indicated on the electric log of said well and all sands correlative of said strata productive of hydrocarbons.

The characteristics of said Lower Tuscaloosa Oil Pool in said field are such that a well located as hereinafter prescribed and drilled upon a drilling unit containing approximately 80 contiguous surface acres conforming to the requirements of the rules herein contained will efficiently drain and produce the recoverable oil from such unit in said pool without avoidable waste.

RULE 1 - SPACING OF OIL WELLS:

Every well drilled as an oil well:

(a) shall be drilled on a drilling unit consisting of two contiguous governmental quarter-quarter sections containing not less than 72 acres or on a drilling unit consisting of approximately 80 contiguous acres upon which no other drilling or producible well is located;

(b) the longest boundary line of said unit shall run on a north-south basis;

(c) shall be located at least 1200 feet from every other drilling or producible well located in the Conerly Field;

(d) shall be located at least 600 feet from every exterior boundary or the drilling unit;

(e) the distance between any two points farthest apart on the drilling unit upon which the well is located shall not exceed 3,200 feet; and

(f) this spacing rule is temporary and is entered at this time for the purpose of allowing the operator to drill additional wells and thereby obtain additional data. This spacing shall continue in effect until the regular July, 1968, meeting of the State Oil and Gas Board, at which time the same shall be reheard for the purpose of entering a permanent spacing order based upon the information available at such time.

RULE 2 - 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 lease. Where metering devices are used, as herein provided, the production may be commingled in a common storage system, then such variance shall be allocated back to each of the leases producing into the common storage system proportionately to the production measured from each lease.

RULE 3 - 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 there 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. Such separators, stock tanks or metering devices and connections thereto shall be subject to approval by the Supervisor.

RULE 4 - 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 percent, it must be adjusted to conform to the said tolerance limitation of two percent or the meter calibration factor corrected.
5. The meter reading and meter calibration factor in use at 7:00 a.m. on the first day of each month for each meter shall be reported on the bottom of the Form 9 reporting the monthly production from the wells being measured by such meter.

RULE 5 - AUTOMATIC CUSTODY TRANSFER SYSTEMS AUTHORIZED:

Automatic custody transfer systems which automatically test, sample, measure and transfer the production from the operator to the purchaser are hereby authorized for the Conerly Field. Such systems may be used to transfer production from individual leases or from common storage facilities as authorized in Rule 2 above. In the event the transfer is from such a common storage facility, the allocation of production to the leases being produced into such common storage system will be on the basis of the relationship of the measured production from each lease to the total measured production transferred by the automatic custody transfer system.

Each such system will be equipped with a sampling device which will take a representative sample of the total production passing through the system in order that the specific gravity and the basic sediment and water content can be determined.

Each such system will be equipped with a volume displacement type metering device which registers the volume of oil passed through it in barrels or multiples thereof. In addition to meeting all of the requirements set out in Rule 4 above which deals with the use of meters, said metering device will be compensated for temperature, will be so equipped as to provide a cumulative total of all oil transferred by such system and will have an accuracy standard equivalent to the accuracy obtained in measurements made in calibrated stock tanks.

RULE 6 - 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 19th day of July, 1967.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By Robert Wm Farland
Chairman