

SEP 1 1981

STATE OIL AND GAS BOARD
Clyde R. Davis, State Oil & Gas Supervisor

BEFORE THE STATE OIL AND GAS BOARD
OF THE STATE OF MISSISSIPPI

DOCKET NO. 231-81-481

ORDER NO. 332-81

ORDER DEFINING A GAS POOL,
FORMING A GAS UNIT, AND
APPROVING EXCEPTIONAL LOCATION OF THE WELL THEREON,
DENT PLACE FIELD
JEFFERSON COUNTY, MISSISSIPPI

This Cause this day came on to be heard on the Petition of CALLON PETROLEUM COMPANY, the process, oral and documentary evidence, and the argument of counsel, and upon said hearing, the Board finds:

I.

GENERAL

Proper and legal notice of the meeting of this Board for the purpose of considering this docket and this Petition has been given for the time and in the manner provided, and due and proper proofs of said notices are on file with the Board. Thus, the Board has jurisdiction of the subject matter and the parties involved with full right to hear and determine said cause.

II.

DEFINITION OF GAS POOL

1. Petitioner has recently reworked and recompleted a well known as the Callon Petroleum Company - KELLY-NOBLE WELL NO. 1, and in so reworking and recompleting has discovered a heretofore unknown, unproduced, and undefined gas pool. In order to effectively produce hydrocarbons from the Dent Place Field this newly discovered pool requires definition.

2. Petitioner has proposed to define the newly discovered gas pool as follows:

The First Wilcox Dent Place Gas Pool is defined as that stratum found between 3,733 feet and 3,746 feet on the electric log for the Callon Petroleum - KELLY-NOBLE WELL NO. 1 above described.

III.

GAS UNIT FORMATION

1. Petitioner recently drilled a well known as Callon Petroleum Company - KELLY-NOBLE WELL NO. 1 on a forty-acre oil unit as an oil well on a tract of land described as:

JEFFERSON COUNTY, MISSISSIPPI

TOWNSHIP 10 NORTH, RANGE 1 WEST

Sections 31 & 34: From the Southwest corner of Section 34 run North along the West line of the Section 1008 feet to a point of beginning;

Run S 89° E for 1687 feet; run N 01° E for 962.65 feet; run N 89° W for 1810 feet; run S 01° W for 962.65 feet; run S 89° E for 123 feet to the point of beginning.

2. The well is located on the said unit 330 feet from the South line and 300 feet from the East line of said unit. The well was drilled pursuant to Permit No. 399 dated March 29, 1979. It was completed as a producer of oil, from the Second Wilcox Formation, but produced only token amounts of oil.

3. In the reworking and recompleting of the said KELLY-NOBLE WELL NO. 1 a heretofore unknown gas pool was discovered, and the well was completed into it. The said pool is the First Wilcox

Dent Place Gas Pool as above defined. That pool appears to be capable of producing gas in commercial quantities, and is not otherwise in production anywhere within the Dent Place Field.

4. The said pool cannot be produced from a forty-acre unit pursuant to the Statewide Rules (and there are no Special Field Rules for the Dent Place Field), but a separate and distinct unit must be formed for it. Petitioner has proposed as a unit for the production of gas the following lands:

JEFFERSON COUNTY, MISSISSIPPI

TOWNSHIP 10 NORTH, RANGE 1 WEST

Beginning at the Southwest Corner of Section 34, T10N-R1W, Jefferson County, Mississippi, go Westerly along the line between Sections 31 and 36 for 2099.04 feet to the Southwest Corner of within described tract; thence N 1°15' E for 2980.01 feet; thence S 88°45' E for 2983.42 feet to the Westerly boundary of the Kelly property; thence N 7°13' E along said property line for 759.13 feet; thence S 88°45' E for 1405.42 feet to the line between Kelly and Gates; thence S 7°00' E along said line for 271.78 feet to the boundary of the Callon Petroleum Co., Gates-Kelly Unit No. 1 drilling unit; thence along the boundary of said drilling unit N 38°00' W for 9.44 feet, S 52°00' W for 962.65 feet and S 38°00' E for 1283.44 feet to the aforementioned line between Kelly and Gates; thence along the boundary between Kelly and Gates, S 12°00' W for 556.71 feet and S 41°00' E for 1363 feet, more or less, to the center of a road; thence in a general Southwesterly and Northwesterly direction along the center of said road, being the boundary between Kelly and Wagner for 1907.5 feet to the intersection of said road, being the corner common to Kelly, Noble and Wagner; thence continue along said road in a general Southwesterly direction, being the boundary between Noble and Wagner for 1007.86 feet to the line between Sections 34 and 35; thence Westerly along the line between Sections 34 and 35 for 964.87 feet to the point of beginning. Said within described tract contains 320.0 acres.

The Board finds that the proposed unit will be regular in all respects pursuant to all applicable rules, it overlies the First Wilcox Dent Place Gas Pool, is an adequate and appropriate unit for the production of gas from the said pool, and should be designated as a gas unit for the production of gas.

IV.

EXCEPTIONAL LOCATION

1. The well aforesaid (Callon Petroleum - KELLY-NOBLE WELL NO. 1) was originally drilled as an oil well. As such, it is regular in all respects, is an adequate distance from all of the unit lines, and complies entirely with the applicable Rules.

2. The said well, if used as a gas well, will be at an exceptional location in that it is only 775 feet from the South line of the proposed gas unit at one point, which results in it being 215 feet too close to the South line to be at a regular location. It is, nevertheless, so located as to adequately produce and drain all gas that is economically feasible to produce from the proposed gas unit. It would be economic waste to drill another well to produce the gas from the said unit in that the existing well is fully capable of producing the same.

3. The exceptional location of the well as a gas well is so slight as to give the said well no significant advantage over any gas well that might be drilled on a unit to the South, if a well is ever so drilled. It appears that the gas pool does not extend far enough to the South to embrace any land South of the unit boundaries. Thus, the location of the well is fair to all parties, and will protect the correlative and coequal rights of all parties in interest, both in the unit and outside the unit.

4. A substantial portion of the proposed gas unit is underlain by the First Wilcox Dent Place Gas Pool. In any event, more than 45 acres thereof are so underlain.

5. It is in the interest of conservation and of the prevention of waste that the existing well be used for the production of the gas from the gas pool aforesaid, even though it is located as an exception to the Spacing Rules for 320-acre gas units.

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED that:

A. The First Wilcox Dent Place Gas Pool is defined as that stratum found between 3,733 feet and 3,746 feet on the electric log for the Callon Petroleum - KELLY-NOBLE WELL NO. 1 as above described.

B. The 320 acres of land described in Paragraph 4 of Article III above are formed into a gas unit;

C. Petitioner is authorized to produce the gas from the gas unit above designated through the well bore of the well known as the Callon Petroleum - KELLY-NOBLE WELL NO. 1 upon the filing of the necessary applications for permits, the payment of the applicable fees, and the filing of all other papers as required for the establishment of a gas well;

D. Petitioner is authorized to produce the well aforesaid as a gas well from the First Wilcox Dent Place Gas Pool without reduced allowable, even though it is at an exceptional location for a gas well on a 320-acre gas unit. The location of the well, being 757 feet from the South line and 1014 feet from the East line of the unit, is approved.

ORDERED, ADJUDGED AND DECREED this the 16th day of July, 1981.

STATE OIL AND GAS BOARD OF THE
STATE OF MISSISSIPPI

By: Don R. Fancher, Jr.
Chairman