

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: AMENDED PETITION OF VENTURE OIL & GAS,  
INC. TO AMEND THE SPECIAL FIELD RULES  
FOR DIAMOND FIELD, AND OBTAIN RELATED  
RELIEF

JUN 17 2013  
STATE OIL AND GAS BOARD  
LISA IVSHIN, SUPERVISOR

DOCKET NO. 152-2013-D

ORDER NO. 259-2013

ORDER

THIS MATTER came on to be heard at the regular May 2013 meeting of the State Oil and Gas Board on the Amended Petition of VENTURE OIL & GAS, INC., Petitioner, requesting the Board to amend the Special Field Rules for Diamond Field (the "Field") in Wayne County, Mississippi, and grant related relief. Having considered the Petition, the evidence in support thereof, and being fully advised in the premises, the Board finds that the Petition is well-taken and should be granted. The Board also finds the following:

1.

The Board has jurisdiction over the parties and the subject matter of the Petition. Due and legal notice of the hearing on the Petition has been given in the time and manner required by law and the rules and regulations of the Board.

2.

Petitioner is the operator of wells and units in the Field. The evidence presented establishes that the Special Field Rules should be amended to expand the geographical area of the Field, define a new oil pool, and provide for spacing for production from that pool.

3.

The Board finds that the existing Special Field Rules should be amended in certain respects, including to define the new oil pool as the "West Smackover Oil Pool" (the "Pool"), establish "160-acre spacing" for production from that pool, as detailed in Exhibit 1 attached hereto, and allow there to be up to two increased density wells per unit for production from the Pool.

4.

Based on the evidence, the Board finds that The West Smackover Oil Pool should be defined as those strata of the Smackover Formation productive of oil, gas and other hydrocarbons in the interval between the measured depths of 16,091 feet and 16,610 feet according to the Schlumberger Quad Combo/HRLA/BHC/TLD/CNL/MLT log run in the Venture Oil & Gas, Inc.- Messer 1-12 No. 1 Well (the "Well"), and all strata productive of oil, gas and other hydrocarbons which can be correlated therewith and are in communication

therewith. The Well is located 1,900 feet North of the South line and 219 feet West of the East line of Section 2, Township 9 North, Range 7 West, Wayne County, Mississippi.

5.

The evidence establishes that good cause also exists for the proposed "160-acre" spacing for the Pool because of the geology, depths, and other pertinent reservoir factors. The Board finds that allowing up to two increased density wells per unit will allow for the effective development of the Pool, will prevent waste, and will protect the co-equal and correlative rights of the owners in the Pool.

6.

The evidence also establishes that the Special Field Rules should also be amended to add the following lands to the geographical area of the Field:

In Township 9 North, Range 6 West, Wayne County, Mississippi

Section 18: The W ½ of the NW 1/4, and the SW 1/4

In Township 9 North, Range 7 West, Wayne County, Mississippi

Section 2: The E ½

Section 11: The E ½

Section 13: The NE 1/4

In Township 10 North, Range 7 West, Wayne County, Mississippi

Section 35: Entire Section

7.

The Board finds that the proposed amendments to the Special Field Rules will allow for the continued orderly development of the Pool and field, will prevent waste, will protect the coequal and correlative rights of the owners in the Field, will avoid the drilling of unnecessary well(s), and will allow the owners in the Pool the opportunity to recover their fair and equitable share of production from the Pool.

**IT IS, THEREFORE, ORDERED AND ADJUDGED**, that the Petition filed herein is granted; and the Special Field Rules for Diamond Field are amended as proposed and as more particularly set forth in Exhibit "1" to this Order, which is incorporated by reference.

**SO ORDERED AND ADJUDGED**, this the 10<sup>th</sup> day of May, 2013.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By:

  
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CHAIRMAN

**PREPARED BY:**

Glenn Gates Taylor (MBN 7453)  
C. Glen Bush (MBN 7589)  
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**ATTORNEYS FOR PETITIONER**

**AMENDED SPECIAL FIELD RULES  
DIAMOND FIELD  
WAYNE COUNTY, MISSISSIPPI**

**A. FIELD AREA**

The Diamond Field, as used herein, consists of the following described lands in Wayne County, Mississippi is defined as:

In Township 9 North, Range 6 West, Wayne County, Mississippi

- Section 6: Entire Section
- Section 7: Entire Section
- Section 8: The SW 1/4 of the SW 1/4
- Section 17: Entire Section
- Section 18: Entire Section
- Section 19: The E ½
- Section 20: Entire Section

In Township 9 North, Range 7 West, Wayne County, Mississippi

- Section 1: Entire Section
- Section 2: The E ½
- Section 11: The E ½
- Section 12: Entire Section
- Section 13: The NE 1/4

In Township 10 North, Range 7 West, Wayne County, Mississippi

- Section 35: Entire Section

underlain by one or more of the, oil and gas pools hereinafter defined and all correlative or productive extensions thereof.

**B. POOL DEFINITIONS**

1. The Glen Rose Pool as used herein is defined as those strata productive of oil in the Glen Rose formation occurring between the depths of 8,850 feet and 9,957 feet in Cenergy Exploration Company - Stanley No. 1 Well, located approximately in the center of the SE 1/4 of the SW 1/4, Section 6, T9N-R6W, Wayne County, Mississippi, or the stratigraphic equivalent in other wells. (Adopted December 18, 1957 by Order No. 268-57)

2. The Hosston Pool as used herein is defined as those strata productive of oil in the Hosston Formation occurring between the depths of 9,957 feet and 11,138 feet in the said Cenergy Exploration Company - Stanley No. 1 Well, or the stratigraphic equivalent in other wells. (Adopted December 18, 1957 by Order No. 268-57)

3. The Lower Hosston Pool as used herein is defined as those strata productive of oil in the Hosston Formation occurring between the depths of 11,138 feet and 11,618 feet as seen in the Cenergy Exploration Company - McIlwain No. 2 Well located in the South 40 acres of Lot 4, Section 6, T9N, R6W, Wayne County, Mississippi, or the stratigraphic equivalent in other wells. (Adopted March 20, 1985 by Order No. 103-85)

4. The Upper Cotton Valley Pool as used herein is defined as those strata productive of oil in the Cotton Valley Formation occurring between the depths of 11,618 feet and 12,010 feet as seen in the Cenergy Exploration Company -McIlwain No. 2 Well located in the South 40 acres of Lot 4, Section 6, Township 9 North, Range 6 West, Wayne County, Mississippi, or the stratigraphic equivalent in other wells. (Adopted July 17, 1985 by Order No. 288-85)

5. The 12,000 foot Cotton Valley Oil Pool is defined and shall be construed to mean those strata of the Cotton Valley Formation productive of oil or gas in the intervals between 12,010 feet and 12,118 feet as seen in the Cerergy Exploration Company -McIlwain No. 2 Well located in the South 40 acres of Lot 4, Section 6, T9N, R6W, indicated on the electric log of said well and all sands correlative of these strata productive of oil. (Adopted May 22, 1969 by Order No. 170-69)

6. The 12,000 foot Cotton Valley Oil Pool shall be construed to mean those strata of the Cotton Valley Formation productive of oil in the interval between 12,010 feet and 12,134 feet on the electric log of the Murphy Oil Company -Weaver "C" No. 1 Well located in the SE 1/4 of the SE 1/4 of Section 1, T9N, R7W, and all zones correlative of these strata productive of oil. (Adopted August 19, 1970 by Order No. 313-70)

7. The 12,250 foot Cotton Valley Oil Pool shall be construed to mean those strata of the Cotton Valley Formation productive of oil or gas in the intervals between 12,236 feet and 12,250 feet as seen in Cenergy Exploration Company's R. H. Gray "A" No. 2 Well located in the NW 1/4 of the SW 1/4, Section 6, T9N, R6W, indicated on the electric log of said well and all sand correlative of these strata productive of oil. (Adopted October 15, 1969 by Order No. 328-69)

8. The 12,350 foot Cotton Valley Oil Pool shall be construed to mean those strata of the Cotton Valley Formation productive of oil in the interval between 12,336 feet and 12,366 feet on the electric log of the Cenergy Exploration Company -R. H. Gray No. A-2 Well located in the NW 1/4 of SW 1/4, Section 6, T9N-R6W, and all zones correlative of

these strata productive of oil. (Adopted July 16, 1969 by Order No. 215-69; redesignated on October 15, 1969 by Order No. 328-69)

9. The 12,500 Cotton Valley Oil Pool shall be construed to mean those strata of the Cotton Valley Formation productive of oil in the intervals between 12,406 feet and 12,700 feet subsurface on the dual induction laterlog of the Conquest Exploration Company -McIlwain 6-13 No. 1 Well and all zones correlative of these strata. (Adopted July 17, 1974 by Order No. 152-74)

10. The characteristics of the oil pools hereinabove defined in said field are such that the location and drilling of wells on units of 40 acres conforming to the requirements of the rules hereinafter contained will efficiently and adequately drain and produce the recoverable oil from each said pool without avoidable waste; provided, however the characteristics of the Cotton Valley 12,500 foot oil pool is such that the location and drilling of wells should be on units of 80 acres conforming to the requirements of the rules hereinafter contained and said 80 acre units will sufficiently and adequately drain and produce recoverable oil from said 12,500 foot Cotton Valley Oil Pool without avoidable waste. (Adopted October 16, 1974 by Order No. 224-74)

11. The South Lower Hosston Oil Pool is defined as those strata of the Hosston Formation productive of oil in the interval between the depths of 11,210 feet and 12,000 feet measured in the Mosbacher Energy Company -Ramey No. 1 Well as indicated on the electric log of said well, and all sands correlative of those strata productive of oil. Said well is located in the SE 1/4 of the NE 1/4 Section 18, Township 9 North, Range 6 West, Wayne County, Mississippi.

12. The South Upper Cotton Oil Pool is defined as those strata of the Cotton Valley Formation productive of oil in the interval between 12,000 feet and 12,790 feet measured depth in the Mosbacher Energy Company -Lee Beard Heirs No. 1 Well as indicated on the electric log of said well and all sands correlative of those strata productive of oil. Said well is located in the NE 1/4 of the NE 1/4, Section 18, Township 9 North, Range 6 West, Wayne County, Mississippi. (Order No. 524-87, December 17, 1987).

13. The South Smackover Oil Pool is defined as those strata of the Smackover Formation productive of oil in the interval between 14,186 feet and 14,980 feet measured depth in the Mosbacher Energy Company Ramey No. 1 Well as indicated on the electric log of said well and all sands correlative of these strata productive of oil. Said well is located

in the SE 1/4 of the NE 1/4, Section 18, Township 9 North, Range 6 West, Wayne County, Mississippi. (Order No. 524-87, December 17, 1987).

14. The Rodessa Oil Pool is defined as those strata of the Rodessa Formation productive of oil in the interval between 9,140 feet to 10,110 feet measured depth in the Mosbacher Energy Company Walker No. 1 Well as indicated on the electric log of said well and all sands correlative of those strata productive of oil. Said Well is located in the SE 1/4 of the SE 1/4, Section 7, Township 9 North, Range 6 West, Wayne County, Mississippi.

15. The West Smackover Oil Pool is defined as those strata of the Smackover Formation productive of oil, gas and other hydrocarbons in the interval between the measured depths of 16,091 feet and 16,610 feet according to the Schlumberger Quad Combo/HRLA/BHC/TLD/CNL/MLT log run in the Venture Oil & Gas, Inc.- Messer 1-12 No. 1 Well (the "Well"), and all strata productive of oil, gas and other hydrocarbons which can be correlated therewith and are in communication therewith. The Well is located 1,900 feet North of the South line and 219 feet West of the East line of Section 2, Township 9 North, Range 7 West, Wayne County, Mississippi.

#### **RULE NO. 1. OIL POOL SPACING**

A. (Adopted July 17, 1985 by Order No. 288-85) With respect to each oil pool, other than the 12,500 foot Cotton Valley Oil Pool, South Lower Hosston Oil Pool, the South Upper Cotton Valley Oil Pool, the South Smackover Oil Pool, and the West Smackover Oil Pool, every well:

- (1) Should be located on a drilling unit consisting of at least 40 contiguous surface acres, or a governmental quarter-quarter section containing not less than 36 acres or more than 44 acres upon which no other drilling or producible well is located;
- (2) Any drilling unit not a governmental quarter-quarter section must be completed encompassed by the perimeter of a rectangle 1810 by 1445 feet, provided, however, no unit shall be permitted which will create island acreage;
- (3) The well should be located at least 660 feet from every other drilling or producible well located in conformity with this rule;
- (4) The well should be located at least 330 feet from every exterior boundary of the drilling unit;
- (5) No portion of the drilling unit upon which a well is located shall be

attributed, in whole or in part, to any other drilling or producible well in the same pool;

(6) If any well drilling in conformity with the provisions of this rule, or as an exception thereto, is completed in any pool defined herein as a gas well, it shall not be produced except for a test period of not exceeding fifteen (15) days, or until authorization has been granted by the Board after notice and hearing.

**B.** With respect to the 12,500 foot Cotton Valley Oil Pool, the South Lower Hosston Oil Pool, and the South Upper Cotton Valley Oil Pool, every oil well:

(1) Shall be located in a drilling unit consisting of 80 surface contiguous acres, or two governmental quarter-quarter sections containing not less than 72 acres or more than 88 acres, upon which no other drilling or producible well is located;

(2) Any drilling unit not composed of two governmental quarter-quarter sections must be completed encompassed by the perimeter of a rectangle 2725 feet by 1600 feet. Provided, however, no unit shall be permitted which will create island acreage;

(3) The well should be located at least 600 feet from every other drilling or producible well located in conformity with this rule; and

(4) The well should be located at least 330 feet from every exterior boundary of the drilling unit.

**C.** With respect to the Rodessa Oil Pool, every oil well not located on a unit formerly established under previous rules:

(1) Shall be located in a drilling unit consisting of 80 surface contiguous acres, or two governmental quarter-quarter sections containing not less than 72 acres or more than 88 acres, upon which no other drilling or producible well is located;

(2) Any drilling unit not composed of two governmental quarter-quarter sections must be completed encompassed by the perimeter of a rectangle of 2725 feet by 1600 feet. Provided, however, no unit shall be permitted which will create island acreage;

(3) Each well shall be located at least 500 feet from every other drilling or



producing well located in conformity of this rule;

(4) Each well shall be located at least 330 feet from every exterior boundary of the drilling unit;

(5) Each 80 acre oil unit may contain up to two producing wells with the full individual allowable for each increased density well;

(6) Each unit, established in the Rodessa Oil Pool before the date of this rule was amended, shall remain on the unit configuration previously established for the well in that pool.

**D.** With respect to the South Smackover Oil Pool, each oil well not located on a unit formerly established under previous rules:

(1) Shall be located on a drilling unit consisting of 160 contiguous surface acres, four governmental quarter-quarter sections containing not less than 144 acres or more than 176 acres, upon which no other drilling or producing well is located in this Pool;

(2) Any drilling unit not composed of four governmental quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 2,640 feet by 3,500 feet. Provided, however, no unit shall be permitted which will create island acreage;

(3) Each well located on such unit shall be at least 660 feet from every other drilling or producing well located in conformity of this Rule;

(4) Each well shall be located at least 500 feet from every exterior boundary of the drilling unit; and

(5) Each 160 acre oil unit may contain up to two producing wells with the full individual allowable for each well.

**E.** As to every well that is completed into or produces from the West Smackover Oil Pool:

(1) The well shall be located on a drilling unit consisting of four (4) contiguous quarter-quarter sections containing not less than 144 nor more than 176 acres upon which no other well no other well drilling to or producing from the same pool is located.

(2) Any drilling unit not composed of four (4) contiguous quarter-quarter sections shall contain 160 surface acres (plus or minus a tolerance of ten percent

(10%)) which must be completely encompassed by the perimeter of a rectangle 2640 feet by 3500 feet; provided, however, no unit shall be permitted which will create island acreage.

- (3) Each well shall be located not less than 500 feet from every exterior boundary of the drilling unit, and not less than 660 feet from every other well drilling or producing from the said pool.
- (4) Each such unit may contain up to two wells that produce from the said pool.
- (5) Each well on each such drilling unit shall be granted a full well allowable for production from the said pool.

**RULE NO. 2 - COMPLETION** (Adopted June 16, 1960 by Order No. 118-60)

The Cenergy-Stanley No. 1 Well located in the SE 1/4 of SW 1/4, Section 6, T9N, R6W, Wayne County, Mississippi, and the Larco-Gray No. 2 Well located in the NW 1/4 of NE 1/4, Section 7, T9N-R6W, Wayne County, Mississippi, are producing through two strings of tubing from the Glen Rose Pool and the Larco-Gray Estate No. 1 Well and the Larco-Gray Estate No. 1-A Well are twin wells on the same unit, producing from the Glen Rose Pool, and the said wells are hereby confirmed as exceptions to these rules, and the Larco-Gray Estate No. 1 Well and the Larco-Gray Estate No. 10A Well jointly, and the Cenergy-Stanley No. 1 Well, and the Larco-Gray No. 2 Well shall be allowed to produce the same allowable as any other well completed in the Glen Rose Pool.

**RULE NO. 3 - McILWAIN UNIT** (Adopted January 21, 1987 by Order No. 26-87)

The operator of all wells in the McIlwain Unit, being the SW 1/4 of the SW 1/4 of Section 6, Township 9 North, Range 6 West, Wayne County, Mississippi, shall have the authority to simultaneously produce from any wells completed into the Glen Rose Oil Pool, any wells completed into the Hosston Oil Pool, and from the McIlwain No. 3 and McIlwain No. 5 Wells completed into the Upper Cotton Valley Oil Pool.

**RULE NO. 4 - APPLICABILITY OF STATEWIDE RULES**

All rules and regulations contained in the Statewide Order No. 201-51 and amendments thereto not specifically covered in the foregoing rules are hereby adopted and shall apply to said field.

**-END OF SPECIAL FIELD RULES-**