

MAR 13 1987

STATE OIL AND GAS BOARD
A. Richard Henderson, Supervisor

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

DOCKET NO. 23-87-284

ORDER NO. 45-87

IN RE: PETITION OF OILWELL ACQUISITION COMPANY TO ESTABLISH FIELD RULES FOR THE DEFINITION OF POOLS AND FOR AUTHORITY TO COMPLETE DUALY THE MCCLURE UNIT NO. 1 WELL IN WEST FAIRCHILDS CREEK FIELD, ADAMS COUNTY, MISSISSIPPI, AND PRODUCE THE FOSTER SAND OIL POOL AND ARTMAN SAND OIL POOL SIMULTANEOUSLY THROUGH A SINGLE STRING OF TUBING COMMINGLING DOWN HOLE PRODUCTION FROM SAID SAND OIL POOLS, ALL LOCATED IN SECTIONS 14, 15 AND 16, T8N-R2W, ADAMS COUNTY, MISSISSIPPI

O R D E R

THIS DAY this cause came on for hearing at the regular February, 1987, meeting of the State Oil & Gas Board of Mississippi upon the Petition of Oilwell Acquisition Company to adopt Special Field Rules and for the definition therein of the Artman and Foster Sand oil pools and for authority to commingle downhole production from said pools in the Oilwell Acquisition Company McClure Unit No. 1 Well, West Fairchilds Creek Field, Adams County, Mississippi, and the Board having considered the Petition and the evidence in support thereof, and being fully advised in the premises, finds that the Petition is well taken and should be granted, and does further find as follows:

1.

That due and legal notice of the meeting of this Board for the purpose of considering and hearing said Petition has been given in the manner and form required by law and by the rules and regulations of this Board, and that due, legal and sufficient proofs of publication of Public Notice are on file with this Board in this cause

and that this Board has full and complete jurisdiction hereof and of the parties hereto, and has the right to hear said Petition and Application and to determine the same at this meeting of the Board.

2.

That Oilwell Acquisition Company is the Operator of the McClure Unit No. 1 Well located in Section 16, Township 8 North, Range 2 West, Adams County, Mississippi, and is authorized to act for all of the owners of the mineral leasehold estate therein.

3.

That pursuant with Permit No. 259 issued by the State Oil and Gas Board, said well was drilled to a total depth of 5775 feet and completed in the Foster Oil Pool of the Wilcox Formation.

4.

The McClure Unit No. 1 was completed on November 7, 1980, from perforations at 5596 feet to 5608 feet in the Foster Sand. The well production went to eight (8) barrels oil per day and ninety-nine (99%) percent salt water by December, 1984.

The well was recompleted on May 25, 1985, by setting a bridge plug at 5585 feet and perforating the interval 5509 feet to 5518 feet. The well production went to nine (9) barrels oil per day and ninety-six (96%) percent salt water by June, 1986.

The well was shut in in August, 1986, and subsequently sold to Oilwell Acquisition Company.

As shown by the well history, it is not economically feasible to produce the McClure Unit No. 1 Well from the Artman Sand or the Foster Sand alone.

5.

That Petitioner can now recomplete said well in both the Foster and Artman Sand oil pools as a commercial

well and that, if allowed to commingle the Foster and Artman Sand oil pools downhole, it would be able to continue to economically produce from both sands and will recover production from both sand oil pools that would otherwise be lost or unrecovered. That Petitioner cannot dually complete the well with separate strings of production tubing because the size of the casing in the well will not permit two (2) strings of tubing; however, Petitioner can simultaneously produce from both of said pools safely and economically through a single string of production tubing if permission is granted to commingle the Artman sand oil pool and the Foster sand oil pool downhole and to produce said two (2) pools through a single string of production tubing.

6.

The Board further finds that the well can produce oil simultaneously from both the Artman Sand oil pool and the Foster Sand oil pool through one (1) string of production tubing, open to said pools; that the procedure and method of production is, in all respects, consistent with sound conservation practices; that the said procedure and method of production will allow the well to produce all of the recoverable hydrocarbons from both of said pools without surface or subsurface waste or damage to the pools and will in fact increase the recoverability of oil from both sand oil pools; that it will not increase the hazards, risk or damage incident to the production of hydrocarbons; and that it will avoid waste by allowing oil to be recovered which would not otherwise be recoverable and will protect the co-equal and correlative rights of all owners in said pool.

7.

That Special Field Rules be adopted for West Fairchilds Creek Field, Adams County, Mississippi, as shown by exhibit to this Order.

That Petitioner, as Operator, should be authorized to produce and commingle downhole production from the said Artman Sand oil pool and Foster Sand oil pool in the McClure Unit No. 1 well in the manner herein proposed on a permanent basis with an allowable of 150 barrels of oil per day from both of said pools combined.

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED that the Petition filed herein is well taken and should be granted; that the Special Field Rules attached hereto as Exhibit "A" be and they are herewith adopted, and that Oilwell Acquisition Company, Operator of said well, be and is hereby authorized to commingle downhole production from the said Foster Sand oil pool and Artman Sand oil pool as said pools are present in the said McClure Unit No. 1 well and is authorized to produce said two (2) oil pools through one (1) string of production tubing with an allowable of 150 barrels of oil per day for both of said pools combined.

SO ORDERED AND ADJUDGED on this the 18th day of February, 1987.

STATE OIL AND GAS BOARD OF
MISSISSIPPI

BY:


Chairman

SPECIAL FIELD RULES FOR
WEST FAIRCHILDS CREEK FIELD
IN ADAMS COUNTY, MISSISSIPPI

(A)

The West Fairchilds Creek Field, as used herein, is that area in Sections 14, 15 and 16, Township 8 North, Range 2 West, Adams County, Mississippi, including all productive extensions thereof underlain by the Artman Sand Oil Pool and the Foster Sand Oil Pool, all of the Wilcox Formation.

1.

The Artman Sand Oil Pool, as used herein, shall be construed to mean those strata of the Wilcox Group or Formation productive of oil from the measured depth of 5508 feet to 5590 feet on the Schlumberger IES Log of the Germany-Ferguson McClure Unit No. 1 Well in Section 16, T8N-R2W, Adams County, Mississippi, and including those strata productive of oil which can be correlated therewith.

2.

The Foster Sand Oil Pool, as used herein, shall be construed to mean those strata of the Wilcox Group or Formation productive of oil from the measured depth of 5596 feet to 5636 feet on the Schlumberger IES Log of the Germany-Ferguson McClure Unit No. 1 Well in Section 16, T8N-R2W, Adams County, Mississippi, and including those strata productive of oil which can be correlated therewith.

That the foregoing definition of the reservoirs in the West Fairchilds Creek Field supersedes all prior definitions, if any, of the reservoirs in said field.

(B)

The above described oil pools are separate and distinct reservoirs and are not in communication with any other reservoir or producing formation, pool or horizon.

The characteristics of the above mentioned Artman Sand Oil Pool are such that one well for such pool drilled on a regularly formed forty (40) acre drilling unit will effectively drain and produce the recoverable oil from such unit in said pool without avoidable waste.

The characteristics of the above mentioned Foster Sand Oil Pool are such that one well for such pool drilled on a regularly formed forty (40) acre drilling unit will effectively drain and produce the recoverable oil from such unit in said pool without avoidable waste.

In the interest of conservation and for the protection of the co-equal and correlative rights of all parties in interest, these Special Field Rules provide for the spacing of oil wells and the identification of the now producing oil pools in the West Fairchilds Creek Field.

RULE 1 - SPACING OF OIL WELLS:

With respect to each separate and distinct pool in the West Fairchilds Creek Field, every oil well:

(a) shall be located on a drilling unit consisting of forty (40) contiguous acres, or a governmental quarter-quarter section containing not less than thirty-six (36) acres or more than forty-four (44) acres, upon which no other drilling or producible well is located.

(b) Any drilling unit not a governmental quarter-quarter section must be completely encompassed by a perimeter of a rectangle 1810 feet by 1445 feet. Provided, however, no unit shall be permitted which will create island acreage.

(c) Each well shall be located at least 660 feet from every other drilling or producible well located in conformity with this rule.

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

RULE 2 - 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 of hearing, to alter, amend or repeal any of the foregoing rules and regulations.