

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF SPOONER PETROLEUM COMPANY TO ADOPT SPECIAL FIELD RULES FOR THE EAST FLORA FIELD TO PROVIDE FOR THE 9,300' SAND EAST FLORA FIELD UNIT IN THE EAST FLORA FIELD, MADISON COUNTY, MISSISSIPPI

FILED FOR RECORD

MAY 24 2007

STATE OIL AND GAS BOARD  
LISA IVSHIN, SUPERVISOR

DOCKET NO. 126-2007-640

ORDER NO. 348 2007

**ORDER**

THIS CAUSE came to be heard on the Petition of Spooner Petroleum Company ("Petitioner") requesting the Board to adopt the Special Field Rules to provide for the 9,300' Sand East Flora Field Unit in the East Flora Field, Madison County, Mississippi; and

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 Jones County Courthouse, Circuit Courtroom, 415 N. 5<sup>th</sup> Avenue, Laurel, Mississippi commencing on May 16, 2007, 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.

The Mississippi State Oil and Gas Board has never established the Special Field Rules for the East Flora Field ("the Field"), Madison County, Mississippi. The purpose of this Petition is to form a new compulsory Unit and adopt Special Field Rules related thereto.

2.

The Special Field Rules are being hereby adopted to define the Unit as a distinct oil pool for purposes of secondary recovery under the provisions of Miss. Code Ann. § 53-3-109.

3.

Petitioner previously filed in Docket No. 125-2007-640 to establish and seek the approval of this compulsory unit. The description of the proposed unit is as follows:

**MADISON COUNTY, MISSISSIPPI**  
**Township 9 North, Range 1 West**

Section 13: Beginning at the Southeast Corner of the Southwest Quarter of Section 13, Township 9 North, Range 1 West, Madison County, MS; run thence Westerly along the South line of said Section 13 for 1072.5 feet; thence Northerly along the East line of the drilling unit now assigned to the Spooner Petroleum Company No. 1 Howard 13-13 location and its extension for 1624.5 feet; thence East for 1072.5 feet, more or less; thence Southerly along the East line of the Southwest Quarter of said Section 13 for 1624.5 feet, more or less, to the point of beginning, containing 40 acres.

Section 24: The NW $\frac{1}{4}$  of the NE $\frac{1}{4}$  and the NE $\frac{1}{4}$  of the NW $\frac{1}{4}$

4.

Since the proposed fieldwide Unit has been established and approved and will be put in effect June 1, 2007, it will be necessary that the Special Field Rules for the Field be adopted to define the unit and to establish spacing and production allocation requirements applicable to the compulsory unit. In addition, it will be necessary that said Special Field Rules provide rules for the operation of said compulsory unit for secondary recovery, pressure maintenance, repressuring operations, cycling operations, water flooding operations, the injection of extraneous substances, or any combination thereof, or any other form of joint effort calculated to substantially increase the ultimate recovery of oil or gas, or both, from said fieldwide unit.

5.

The Special Field Rules for the Field promote conservation, prevent waste, avoid the drilling of unnecessary wells, fully protect the co-equal and correlative rights of all parties in interest and will result in the recovery of more oil, gas and other hydrocarbons from said Field.

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

**SPECIAL FIELD RULES  
EAST FLORA FIELD  
MADISON COUNTY, MISSISSIPPI**

**I. FIELD AREA**

**MADISON COUNTY, MISSISSIPPI  
Township 9 North, Range 1 West**

Section 13: Beginning at the Southeast Corner of the Southwest Quarter of Section 13, Township 9 North, Range 1 West, Madison County, MS; run thence Westerly along the South line of said Section 13 for 1072.5 feet; thence Northerly along the East line of the drilling unit now assigned to the Spooner Petroleum Company No. 1 Howard 13-13 location and its extension for 1624.5 feet; thence East for 1072.5 feet, more or less; thence Southerly along the East line of the Southwest Quarter of said Section 13 for 1624.5 feet, more or less, to the point of beginning, containing 40 acres.

Section 24: The NW $\frac{1}{4}$  of the NE $\frac{1}{4}$  and the NE $\frac{1}{4}$  of the NW $\frac{1}{4}$

**II. SPACING**

The characteristics of the producing pools in the East Flora Field are such and evidence shows that one well drilled an individual pool unit will efficiently drain and produce the recoverable oil from such unit in said pools without avoidable waste.

**III. POOL DEFINITIONS**

A. The 9,300' Sand East Flora Oil Pool is described as those strata productive or formerly productive of oil and gas from the depth of 9,291 feet to 9,308 feet as measured by the induction/election logs run on January 28, 1985, in the Spooner Petroleum Company Howard 13-14 No. 2 Well located 1,910 feet from the West line and 450 feet from the South line of Section 13, Township 9 North, Range 1 West, Madison County, Mississippi, and including those strata productive of oil which can be correlated therewith.

**IV. RULES**

**RULE 1 - MEASUREMENT PROCEDURES AND FACILITIES**

The Operator of the Field shall be permitted to commingle production at the surface from all individual pool units for collection and sale at a central tank battery as part of its secondary and tertiary oil recovery projects. This includes a central tank battery and a central facility for oil, water, and CO<sub>2</sub> production, cycling and injection operations. The oil and gas production from the field may be commingled in a common storage system. The Operator shall install a flowline, header and measurement system that allows each well to be separately and individually tested on a periodic basis, not less than once each month. If, upon a sale therefrom, a variance exists between the measurement from the common storage system and the measurement from the production of all the wells commingled in such common storage system, then such variance shall be allocated back to each of the wells producing into the common storage system proportionately to the production measured from each of the wells on the basis of the periodic tests.

- A. Each producing well shall be so equipped that gas/oil ratio and bottom hole or other pressure test may be made.
- B. Each producing well shall be connected to a metering system as will permit the adequate testing of each individual well under usual operating conditions without the necessity of closing in any other well. Each well shall be tested not less than once per month for allocation of fieldwide production and between individual units. Separators, stock tanks or measuring devices and connections thereto shall be subject to approval by the Supervisor.

## **RULE 2 - USE OF METERS**

- A. The use of meters for testing and for measurement of production shall be subject to and in accordance with the following provisions:
- (1) 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.
  - (2) 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.

## **RULE 3 - 9,300' SAND EAST FLORA FIELD UNIT**

- A. The 9,300' Sand East Flora Field Unit is that portion of the following lands lying within the East Flora Field, underlain by the unitized portion of the 9,300' Sand East Flora Oil Pool and described as follows:

### **MADISON COUNTY, MISSISSIPPI** **Township 9 North, Range 1 West**

Section 13: Beginning at the Southeast Corner of the Southwest Quarter of Section 13, Township 9 North, Range 1 West, Madison County, MS; run thence Westerly along the South line of said Section 13 for 1072.5 feet; thence Northerly along the East line of the drilling unit now assigned to the Spooner Petroleum Company No. 1 Howard 13-13 location and its extension for 1624.5 feet; thence East for 1072.5 feet, more or less; thence Southerly along the East line of the Southwest Quarter of said Section 13 for 1624.5 feet, more or less, to the point of beginning, containing 40 acres.

Section 24: The NW $\frac{1}{4}$  of the NE $\frac{1}{4}$  and the NE $\frac{1}{4}$  of the NW $\frac{1}{4}$

- B. 1.2. "Unitized Zone" means that stratigraphic interval or its correlative equivalent therein referred to as the 9,300' Sand, between the log depths of 9,291 feet and 9,308 feet in the Spooner Petroleum Company No. 2 Howard 13-14 Well located 1,910 feet from the West line and 450 feet from the South line of Section 13, T9N, R1W, Madison County, MS, as shown on the Dual Induction electric log run January 28, 1985.
- C. Spacing of wells in the 9,300' Sand East Flora Field Unit
- (1) Notwithstanding any other provisions contained in these Special Field Rules, the location of injection and production wells in the Unit shall be selected by the operator and shall be governed by the standards of geology and petroleum engineering designed to promote the greatest ultimate recovery of hydrocarbons contained in the pool. However, no well may be drilled, injected into or produced from said pool nearer than 100 feet from any exterior boundary of the fieldwide unit, except upon permit issued by the Mississippi State Oil and Gas Board, after notice and hearing.
  - (2) The operator may drill wells utilizing directional or horizontal drilling techniques designed to increase the ultimate recovery of hydrocarbons contained in the pool without notice and hearing; provided, however,

that (a) no portion of the wellbore of any such well so drilled shall be nearer than 100 feet from any exterior boundary of the Unit, except upon permit issued by the Mississippi State Oil and Gas Board, after notice and hearing, and (b) the operator shall file a directional survey and other information required by rule or written policy of the Board after completion.

D. Pressure Maintenance and Secondary Recovery Program Authorized

- (1) Operator of the Unit is hereby authorized to conduct and carry out secondary recovery, pressure maintenance, repressuring operations, cycling operations, water flooding operations, and the injection of extraneous substances in the Unit, and any combination thereof, or any other form of joint effort calculated to substantially increase the ultimate recovery of oil or gas, or both, from the individual pool unit as is authorized by the Plan of Unitization placed into effect by the Mississippi State Oil and Gas Board. The operator may use for injection purposes existing wells located in said East Flora Field which may be converted to injection wells, or wells may be drilled on said individual pool unit for such purposes. Any such wells drilled as injection wells or converted to injection wells by operator on the compulsory unit as a part of pressure maintenance and/or secondary recovery operations may be approved by the Mississippi State Oil and Gas Board on administrative permit, with notice but without a hearing, upon the operator filing with the Board a duly executed FORM 2, the required permit fee for each such well, and all evidence and information required under Statewide Rule 63.

- E. Allocation of Production. The allowable for the Unit shall be 2,000 barrels of oil per day unless otherwise set by the Mississippi State Oil and Gas Board. The allowable production of the said individual pool unit may be produced by any well or wells on said fieldwide unit; provided, however, that no well shall be operated in such a manner as to cause waste as defined by the Laws of the State of Mississippi.

F. Surface Storage, Measurement and Transfer Systems

- (1) The operator of the Unit may maintain such separators, stock tanks, metering devices, connections and storage facilities as it deems necessary to accurately measure the total production. Separate measurement or storage for the wells and leases within the fieldwide unit shall not be necessary.

**RULE 4 - 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 above and foregoing Special Field Rules are hereby adopted and shall apply to said field.
- B. The Mississippi State Oil and Gas Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any and all of the above and foregoing Special Field Rules, or to grant exceptions to all or any part hereof.

**\*\*\*END OF SPECIAL FIELD RULES\*\*\***

**IT IS FURTHER ORDERED AND ADJUDGED** that this Order shall be in force and effect from and after May 16, 2007.

**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 24<sup>th</sup> day of May, 2007.

**STATE OIL AND GAS BOARD OF  
MISSISSIPPI**



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CHAIRMAN

**Prepared By:**

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