

AUG 28 1984

STATE OIL AND GAS BOARD
A. Richard Henderson, Supervisor

THE STATE OIL AND GAS BOARD OF MISSISSIPPI

DOCKET NO. 258-84-191

ORDER NO. 361-84ORDER

This day this cause came on for hearing on the petition of TXO Production Corp., of Jackson, Mississippi, requesting the Board to define the Minter "D" Oil Pool in the North Fort Adams Field, Wilkinson County, Mississippi, to authorize the drilling of a deviated well to test said oil pool, to approve the surface location as an exception to the rules and regulations of this Board and to integrate all interests, except as to the Minter "B" Oil Pool, in the drilling unit for said well, and the Board finds that due, proper and legal notice of the meeting of the Board for the purpose of considering said petition has been given in the manner and form provided by law and the rules and regulations of this Board, and that due, legal and sufficient proofs of publication are on file with the Board and the Board has jurisdiction of the subject matter and the parties, and having heard and considered the evidence in support of said petition, this Board is of the opinion that same should be granted.

The Board finds that petitioner is the owner of certain leasehold and operating rights and interests in and under the hereinafter proposed drilling unit in the North Fort Adams Field, Wilkinson County, Mississippi. There is located on said unit the Craft Petroleum Company - Rosenblatt No. 1 Well which is producing from the Minter "B" Oil Pool as defined in Order No. 358-83 entered in Docket No. 262-83-191 of this Board. The Board finds that petitioner has drilled its No. 1-A Rosenblatt Well at a location in Lot 3 of Section 41, Township 2 North, Range 4 West, Wilkinson County, Mississippi, at a location described as follows:

Commencing at the section corner common to Sections 40, 41 and 47, Township 2 North, Range 4 West, Wilkinson County, Mississippi; run thence North-easterly along the section line common to Sections 40 and 41 for 93 feet; thence Northwesterly at right angles for 330 feet to the well location.

The Board finds that petitioner encountered the Minter "A" Oil Pool, the Minter "B" Oil Pool and the Minter "C" Oil Pool in its No. 1-A Rosenblatt Well, as defined in Order No. 358-83 above mentioned, and in addition, petitioner encountered another Minter Sand which it proposes to call the Minter "D" Oil Pool. The Board finds that the Minter "D" Oil Pool is a separate and distinct oil pool from the Minter "A", "B" and "C" Oil Pools and is not in communication with the other defined oil pools, and petitioner desires to drill its No. A-3 Rosenblatt Well on the hereinafter described unit upon which is located the Craft Petroleum Company - Rosenblatt No. 1 Well, said Rosenblatt No. 3 to test the Minter "D" Oil Pool as herein defined.

The Board finds that the proposed drilling unit lies in a low swampy area and is currently partly under water, and it will be impractical to drill and complete a well within the unit other than by an intentionally deviated well drilled at a surface location hereinafter described which is an exception to the Rules and Regulations of this Board in that it will be located outside the drilling unit and less than the required distance from the North line of the proposed drilling unit and will cause the well to cross drilling unit lines. Petitioner proposes to intentionally deviate said well in a manner so as to encounter the Minter "D" Oil Pool of the Wilcox Formation to be tested at a regular bottom hole location hereinafter described.

The Board finds that this means of drilling the proposed well will avoid inordinate expense and operating problems and it will be advantageous to petitioner for said well to be

drilled on dry land as such drilling would prevent large and unnecessary expenditures and thus avoid waste; that such drilling operations by intentionally deviating the hole would be the most efficient means of producing the oil, gas and other minerals, if any, lying in, on and under the proposed unit; and the directional drilling method sought to be utilized in this instance is not unusual but is the method employed in the industry as the most efficient means of drilling in instances of this nature, and it is necessary to use this method of drilling to avoid unnecessary drilling hazards, to prevent drainage, to prevent waste and to protect the coequal and correlative rights of all owners and parties in interest.

The Board finds that there are two or more separately owned tracts or separately owned interests in all or part of the proposed drilling unit and that petitioner has reached an agreement with most of the owners of working or operating interests in the oil, gas and mineral rights within said proposed unit to drill a well to a depth to adequately test the Minter "D" Oil Pool of the Wilcox Formation, with petitioner to act as operator thereof, but several owners of small separately owned tracts or separately owned interests have refused to voluntarily join in the drilling, completing and production of a well on said unit to test the Minter "D" Oil Pool, and the owners of such oil, gas and other minerals within said unit cannot prevent minerals thereunder being drained and cannot obtain their fair and equitable share of the oil, gas and other minerals believed to underlie said unit unless and until the oil, gas and mineral rights therein and thereunder, except as to the Minter "B" Oil Pool, have been integrated to the extent of establishing and forming a single oil drilling unit composed of said lands to test the Minter "D" Oil Pool.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Minter "D" Oil Pool of the Wilcox Formation in the North Fort Adams Field, Wilkinson County, Mississippi, is hereby defined as follows:

The Minter "D" Oil Pool is described as that sand of the Wilcox Formation capable of production as shown on the Induction Electric Log of the TXO Production Corp. - No. 1-A Rosenblatt Well at a depth of 8,270 to 8,290 feet, and all sands correlative therewith, said well being located in Lot 3, Section 41, Township 2 North, Range 4 West, Wilkinson County, Mississippi.

IT IS FURTHER ORDERED that for the protection of the equal and correlative rights of all parties in interest and for the prevention of the drilling of unnecessary wells, the following described land is hereby established as an oil drilling unit for production from the Minter "D" Oil Pool:

Commencing at the corner common to Sections 40, 41 and 47, Township 2 North, Range 4 West, Wilkinson County, Mississippi; run thence Southwesterly along the line common to Sections 41 and 47 for 739.0 feet; thence Northwesterly at right angles for 974.0 feet; thence East for 650.0 feet to a point on the East line of Lot 4, said point hereinafter referred to as the point of beginning; thence South for 685.0 feet; thence West for 1320.0 feet; thence North for 1320.0 feet; thence East for 1320.0 feet to the East line of Lot 4 and the West line of the drilling unit now assigned to the TXO Production Corp., Rosenblatt "A" No. 1 Well; thence South along the East line of Lot 4 and the West line of said unit for 635.0 feet to the point of beginning.

The above described tract is situated in Sections 41 and 44, Township 2 North, Range 4 West, Wilkinson County, Mississippi, and contains 40.0 acres.

IT IS FURTHER ORDERED that all separately owned interests of all persons owning or claiming to own an interest in and to the drilling rights and the right to share in the production of oil, gas and minerals in and under said lands, except as to the Minter "B" Oil Pool, are hereby unitized, integrated, and force-pooled for the drilling, completion, production, development and operation of said lands in such manner and to such effect as if all persons owning said interests embraced within such unit had voluntarily acquiesced in and consented to the

integration of the various interests in said tract in the manner and form hereby created, all pursuant to and with the rights and obligations provided in Section 10, Chapter 256, Laws of 1948, as amended.

IT IS FURTHER ORDERED that TXO Production Corp. is hereby authorized to drill the TXO Production Corp. - No. A-3 Rosenblatt Well on the above described unit at a surface location described as approximately 100 feet North of the North line of the above described unit and approximately 480 feet West of the East line of Lot 4 of Section 41, said surface location being North 12°58' East 741.7 feet from the hereinafter described bottom hole location, and to directionally deviate said well in a manner so as to encounter the Minter "D" Oil Pool to be tested at a bottom hole location described as:

A minimum distance of 635 feet South of the North line and a minimum distance of 650 feet West of the East line of the above described unit,

and to complete said well at said approximate point for production from the Minter "D" Oil Pool.

IT IS FURTHER ORDERED that the proposed location of the well as above described and the use of the drilling method known as directional deviational drilling be and the same are hereby approved, and petitioner is hereby granted authority to produce said well from the above described surface location with full allowable on production from the Minter "D" Oil Pool.

IT IS FURTHER ORDERED that TXO Production Corp. is hereby appointed and designated operator of said TXO Production Corp. - No. A-3 Rosenblatt Well, and the cost of development and operation of said well and unit shall be charged by the operator to said other interested parties and such owners of working interest for the actual expenditures required for such purposes, not in excess of what is reasonable, including

a reasonable charge for supervision, under the provisions of Section 53-3-7(1) (a) and (b) of the Mississippi Code of 1972, as amended.

IT IS FURTHER ORDERED that the State Oil and Gas Supervisor is hereby directed to issue to petitioner a permit for the drilling of the TXO Production Corp. - No. A-3 Rosenblatt Well, upon the payment of the proper fee for such permit.

Prior to running of production casing, petitioner shall have a directional survey of said hole made to total depth thereof, a certified copy of which shall be filed with this Board within thirty (30) days from the making thereof.

ORDERED AND ADJUDGED this 11th day of August, 1984.

STATE OIL AND GAS BOARD OF MISSISSIPPI

BY Joe R. Fancher, Jr.
CHAIRMAN