

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

IN RE: **PETITION OF DENBURY RESOURCES INC.
TO AMEND THE SPECIAL FIELD RULES
FOR THE FRANCES CREEK FIELD,
CLARKE COUNTY, MISSISSIPPI**

JAN 04 2000

STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR
DOCKET NO. 333-99-317

ORDER NO. 50899

ORDER

THIS CAUSE came to be heard on the Petition of Denbury Resources Inc. ("Petitioner") requesting the Board to amend the Special Field Rules for the Frances Creek Field, Clarke 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 Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on December 15, 1999, at 9:30 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.

Petitioner is the current operator of the Frances Creek 3-7 No. 2 Well ("the Well"), which was drilled at a legal location in the SW¼ of the NE¼ of Section 3, Township 2 North, Range 16 East, Clarke County, Mississippi.

2.

The Well was drilled by Amerada Hess Corporation in late March, 1971, to a total depth of ±8,011 feet; however, Petitioner purchased the well from Amerada Hess and has recently re-completed the well in an undefined and never previously produced oil pool with perforations at a depth of 6,460 feet to 6,470 ELM in a zone which should be defined as the WF-70 Oil Pool.

3.

Special Field Rules for the oil pools in the Frances Creek Field, Clarke County, Mississippi, were adopted, as last amended, by Order entered in Docket No. 158-94-18 and 317.

4.

The purpose of this Petition is to amend the Special Field Rules for the Field, to include a new zone, the WF-70 Oil Pool, as set forth in the proposed Special Field Rules attached to the Petition as Exhibit "A".

5.

The WF-70 Oil Pool, as defined herein, is a separate geological pool from all the previous Washita Fredericksburg Oil Pools in the Field. This separate and distinct oil pool has never been produced or defined in the Field. Therefore, the amendment to the existing Special Field Rules for the Field as set forth in the Exhibit "A" attached to the Petition would promote conservation, protect the co-equal and correlative rights of all owners-in-interest, avoid drilling of unnecessary wells and permit oil to be produced from the WF-70 Oil Pool which would not otherwise be produced.

6.

The Well was completed and placed on production on November 5, 1999. Since that date, the Well has produced at a rate of approximately 310 barrels of oil per day and 100 barrels of water. Under Statewide Rule 7.5., Petitioner may test the Well for a period not exceeding forty-five (45) days unless otherwise permitted by the Board. The Board finds that Petitioner should be granted authority to continue testing the Well, without production restriction, until the February 16, 2000, meeting of the Board at which time Petitioner hopes to have enough information to file for a MER

for the zone. The additional test period is needed so that Petitioner does not have to unnecessarily shut-in the Well or risk damaging its productive capability. It will also give Petitioner sufficient information to develop production information for the MER.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the Special Field Rules for the Frances Creek Field, Clarke County, Mississippi be amended as follows:

**AMENDED SPECIAL FIELD RULES FOR THE FRANCES CREEK FIELD
CLARKE COUNTY, MISSISSIPPI**

A. The Frances Creek Field as used herein is that area consisting of the W $\frac{1}{2}$ of Section 2, all of Section 3, and Section 4, Township 2 North, Range 16 East, Clarke County, Mississippi, underlain by the pools hereinafter defined and all productive extensions thereof.

B. (1) The LT-6 Oil Pool in the Frances Creek Field shall be construed to mean those strata of the Lower Tuscaloosa Formation productive of oil in the interval between 5,306 feet and 5,339 feet in the Continental Oil Company - Gavin Unit 3-6 No. 1 Well located in the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 3, Township 2 North, Range 16 East, Clarke County, Mississippi, as indicated on the electric log of said well and all intervals correlative of said strata productive of hydrocarbons.

(2) The WF-48 Oil Pool in the Frances Creek Field shall be construed to mean those strata of the Washita-Fredericksburg Formation productive of oil in the interval between 6,030 feet and 6,088 feet in the Continental Oil Company - Gavin Unit 3-6 No. 1 Well located in the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 3, Township 2 North, Range 16 East, Clarke County, Mississippi, as indicated on the electric log of said well and all intervals correlative of said strata productive of hydrocarbons.

(3) The WF-70 Oil Pool in the Frances Creek Field shall be construed to mean those strata of the Washita-Fredericksburg Formation productive of oil in the interval between 6,460 feet and 6,490 feet in the Denbury Resources Inc. - Frances Creek 3-7 No. 2 Well located in the

SW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 3, Township 2 North, Range 16 East, Clarke County, Mississippi, as indicated on the electric log of said well and all intervals correlative of said strata productive of hydrocarbons.

(4) The WF-72 Oil Pool in the Frances Creek Field shall be construed to mean those strata of the Washita-Fredericksburg Formation productive of oil in the interval between 6,470 feet and 6,528 feet in the Continental Oil Company - Gavin Unit 3-6 No. 1 Well located in the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 3, Township 2 North, Range 16 East, Clarke County, Mississippi, as indicated on the electric log of said well and all intervals correlative of said strata productive of hydrocarbons.

(5) The Madge Sand (P-2) Oil Pool in the Frances Creek Field shall be construed to mean those strata of the Paluxy Formation productive of oil in the interval between 6,876 feet and 6,930 feet in the Continental Oil Company - Gavin Unit 3-6 No. 1 Well located in the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 3, Township 2 North, Range 16 East, Clarke County, Mississippi, as indicated on the electric log of said well and all intervals correlative of said strata productive of hydrocarbons.

(6) The P-8 Oil Pool in the Frances Creek Field shall be construed to mean that strata productive of oil and other hydrocarbons in the Paluxy Formation in the interval between the measured depths of 7,000 feet and 7,016 feet as reflected on the dual Induction Log in the Amerada Hess Corporation 3-7 Well No. 3 located in the SW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 3, Township 2 North, Range 16 East, Clarke County, Mississippi, and those sands productive of oil and other hydrocarbons which are correlative to and in communication therewith, including all productive extensions thereof.

(7) The P-24 Oil Pool in the Frances Creek Field shall be construed to mean those strata of the Paluxy Formation productive of oil in the interval between 7,220 feet to 7,265 feet in the Continental Oil Company - Gavin Unit 3-6 No. 1 Well located in the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 3, Township 2 North, Range 16 East, Clarke County, Mississippi, as indicated on the electric log of said well and all intervals correlative of said strata productive of hydrocarbons.

(8) The P-26 Oil Pool in the Frances Creek Field shall be construed to mean those strata of the Paluxy Formation productive of oil in the interval between 7,266 feet to 7,324 feet in the Continental Oil Company - Gavin Unit 3-6 No. 1 Well located in the SE¼ of the NW¼ of Section 3, Township 2 North, Range 16 East, Clarke County, Mississippi, as indicated on the electric log of said well and all intervals correlative of said strata productive of hydrocarbons.

(9) The 7,600 Foot Mooringsport Oil Pool in the Frances Creek Field shall be construed to mean those strata of the Mooringsport Formation productive of oil in the interval between 7600 and 7630 feet E.L.M. in the Denbury Management, Inc.-Toney 3-5 No. 1 Well located in the SW¼ of the NW¼ of Section 3, Township 2 North, Range 16 East, Clarke County, Mississippi, as indicated on the electric log of said well and all intervals correlative of said strata productive of hydrocarbons.

C. The characteristics of the above defined Oil Pools in said field are such that wells located in conformance with the Statewide Rules and Regulations will efficiently drain and produce the recoverable oil from each said pool without avoidable waste.

RULE I: USE OF METERS

A. In addition to the meters authorized by Statewide Rule 21, net oil computers are hereby authorized and may be used to measure production prior to entry into separation or treating vessels.

RULE II: 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 and hearing to alter, amend, or repeal any and all of the foregoing rules and regulations.

IT IS FURTHER ORDERED AND AJUDGED that Petitioner is hereby granted authority to extend the test period for the Frances Creek 3-7 No. 2 Well, Frances Creek Field, Clarke County, Mississippi until the January 19, 2000, Board Hearing without production restriction during the test period.

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after December 15, 1999.

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 15th day of December, 1999.

**STATE OIL AND GAS BOARD OF
MISSISSIPPI**


CHAIRMAN

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