

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF R. W. TYSON PRODUCING CO.,
INC. TO AMEND THE SPECIAL FIELD RULES
FOR THE GLAZIER FIELD, IN PERRY COUNTY,
MISSISSIPPI

FILED FOR RECORD

MAR 05 2007

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 53-2007-173

ORDER NO. 146-2007

ORDER

THIS CAUSE came to be heard on the Petition of Tyson Producing Co., Inc. (“Petitioner”) requesting the Board to amend the Special Field Rules for the Glazier Field in Perry 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 February 21, 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.

Petitioner is preparing to drill several Eutaw oil wells in the Field. Special Field Rules for the Field, were adopted as last amended, by Order of this Board in Docket No. 154-88-173, Order No. 249-88. This Petition relates to the Eutaw Oil and the Upper Tuscaloosa Oil Pools (“the Pools”) as they are defined in the existing Special Field Rules.

2.

The Pools are currently spaced on 40 acre units with the right to drill one additional well per Pool with a shared or combined allowable. Petitioner avers that because of the extremely low gravity of the oil in the Pools and high degree of water conning two wells will not adequately drain 40 acres.

3.

The Special Field Rules should be amended to retain 40 acre units, but allow for increased density wells for each 40 acre unit with up to four wells being allowed per unit per pool with no reduction in allowable for each well. In this manner, the producible oil underlying each unit will be adequately and reasonably recovered. It will prevent the necessity to reform the existing units to smaller sized units which could result in some owners being left out of unit production. Because of the low gravity of the oil in these reservoirs and water conning, no other production pattern would adequately develop or produce these reserves. Further, this well's spacing pattern will not cause uncompensated drainage between tracts. Finally, Petitioner seeks authority to measure the Pools' production should be measured on a unit, not individual well, basis.

4.

The amendment of the existing Special Field Rules promotes conservation, protects the co-equal and correlative rights of all owners in interest, avoids the drilling of unnecessary wells, and permits oil to be produced which would not otherwise be produced.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the Special Field Rules for the Glazier Field in Perry County, Mississippi shall be and hereby are amended as follows:

**SPECIAL FIELD RULES
GLAZIER FIELD
PERRY COUNTY, MISSISSIPPI**

A. Glazier Field shall mean the following geographical area in Perry County, Mississippi:

Township 4 North, Range 9 West

Section 19: All
Section 20: W $\frac{1}{2}$
Section 29: NW $\frac{1}{4}$ and the N $\frac{1}{2}$ of the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$
Section 30: N $\frac{1}{2}$

and all productive extensions thereof which are underlain by the below defined Oil Pools.

B. The Eutaw Oil Pool shall be construed to mean those strata of the Eutaw formation productive of oil and casinghead gas from the depths of 6,960 feet to 7,370 feet as found in the electric log of the Stevens 19-10 Well No. 9, located in the NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ 1/4 of Section 19, Township 4 North, Range 9 West, Perry County, Mississippi, and all strata correlative to and in communication therewith.

C. The Upper Tuscaloosa Oil Pool shall be construed to mean those strata of the Tuscaloosa formation productive of oil and casinghead gas from the depths of 7,370 feet to 7,890 feet as found in the electric log of the Stevens 19-10 Well No. 9, located in the NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 19, Township 4 North, Range 9 West, Perry County, Mississippi, and

all strata correlative to and in communication therewith.

RULE 1: SPACING OF OIL WELLS

With respect to each of the Oil Pools defined above, every oil well:

(a) Shall be located on a drilling unit consisting of 40 contiguous surface acres or a governmental quarter-quarter Section containing not less than 36 acres, no more than 44 acres, upon which no more than one other well drilling to or producing from the same Pool is located.

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

(c) Each well shall be located at least 100 feet from the drilling unit boundaries and at least 200 feet from every other well drilling to or producing from the same Pool. When a well is drilled at any location less than 300 feet from any exterior boundary of a drilling unit, notice in writing shall be given to any operator of offsetting units or leases within 300 feet of such well prior to the drilling thereof, and a directional survey shall be run and submitted to the Board prior to the issuance of an allowable.

(d) The Board may, upon notice and hearing, grant exceptions to this Rule.

(e) Each 40 acre oil unit producing from the Eutaw Oil Pool and the Upper Tuscaloosa Oil Pool may contain up to four producing wells from each of the oil pools with a full individual allowable for each increased density well.

RULE 2: ALLOWABLES

(a) Unit allowables for each of the oil Pools defined above shall be assigned pursuant to Statewide Rule 35.

RULE 3: SURFACE TREATING AND STORAGE FACILITIES

(a) All heaters, treaters and other fired vessels which are installed or replaced after January 1, 1988 and necessary to maintain the temperature of the crude oil produced from Glazier Field sufficiently above pour point for production into and sales from storage facilities or tanks, shall be located no closer than 10 feet from said storage facilities and tanks; provided that the surface treating facilities in existence as of January 1, 1988 which do not meet this 10 foot requirement do not have to be moved or replaced solely to comply with this rule. Each such heater, treater or other fired vessel shall be situated so that the burner of the heater, treater or other fired vessel is at least 4 feet above the containment walls and configured so that the vessel to which it is attached is between the storage facilities and burner.

(b) With respect to any two or three wells, the units of which contain a common mineral ownership such that there would be no difference in revenue disbursement, production from each well may be commingled in common treater and storage facilities and is to be measured and allocated as follows:

A. (1) For a 2-well common treater, once a month one well will be shut-in and the other tested to determine its rate of production for a period sufficiently long to establish an accurate rate of production. Upon establishment, of a production rate, the well presently shut-in will be put on line in the same fashion.

(2) For a 3-well common treater, the above method will be utilized but it will be necessary to shut-in 2 wells at a time.

B. Weekly wellhead tests will be conducted to monitor oil and water percentages for changes. Should this test indicate a wellhead change, a well test will be conducted as soon as possible to establish a well's current rate.

C. The production from the well being tested through the common treater with the other well(s) shut-in will be handled as follows:

(1) The oil, would be sent to the common tank, which tank will be gauged prior to the test and gauged immediately after the test.

(2) The salt water will be sent to a salt water tank, which tank will be gauged prior to the test and immediately after the test, or in the alternative, the salt water will be sent through a flow meter to a common salt water disposal system.

D. The oil from the production of all wells will then be sold and the salt water injected into disposal wells.

E. The monthly oil production from each well would be allocated based on the monthly test for each well.

F. Such measurement and allocation of production will also take into account the reworking, shutting in, or lack of production from any well. [Order No. 187-87, Docket No. 115-87-173].

RULE 4: INCREASED DENSITY MEASUREMENT

As to increased density wells, operators may measure production on an unit instead of an individual well basis, for increased density wells on such units.

RULE 5: APPLICABILITY OF STATEWIDE RULES

(a) All rules and regulations contained in the Statewide Rules, not specifically covered in the foregoing rules are hereby adopted and shall apply to said field, to the extent not inconsistent with the above rules.

(b) The Board expressly reserves the right, after notice and hearing, to alter, amend, or repeal any and all of the above Rules and regulations.

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

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after February 21, 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 5th day of March, 2007.

**STATE OIL AND GAS BOARD OF
MISSISSIPPI**



CHAIRMAN

Prepared By:

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