

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF MOON-HINES-TIGRETT OPERATING CO., INC. TO AMEND THE SPECIAL FIELD RULES FOR GRANGE FIELD IN ORDER TO DEFINE A NEW GAS POOL, JEFFERSON DAVIS AND LAWRENCE COUNTIES, MISSISSIPPI, AND OBTAIN RELATED RELIEF

FILED FOR RECORD

JUN 30 1998

**STATE OIL AND GAS BOARD
WALTON D. BROWN, SUPERVISOR**

DOCKET NO. 178-98-146

ORDER NO. 228-98

ORDER

THIS CAUSE came on to be heard at the regular meeting of the Board on May 20, 1998, on the Petition of MOON-HINES-TIGRETT OPERATING CO., INC., Petitioner, requesting the Board to amend the Special Field Rules for Grange Field to define and/or redefine certain gas pools in the Field. Having considered the Petition, the evidence in support thereof, and being advised in the premises, Board finds that it is well taken and should be granted. The Board further finds as follows:

1.

The Board has jurisdiction over the parties and the subject matter of the Petition. Due and legal notice of the hearing on the Petition has been given in the time and manner required by law and the rules and regulations of this Board.

2.

Petitioner operates certain wells in the Grange Field which have been completed as gas wells, particularly in the Northeast Fault Block of the Field. One of the wells that Petitioner operates is the Moon-Hines-Tigrett Operating Co., Inc. - Newsome 19-13 Well No. 1 (the "Well"), which is located in Section 19, Township 8 North, Range 19 West, Jefferson Davis County, Mississippi, in Grange Field.

3.

The Board previously defined the 12,800 Paluxy Gas Pool in the Grange Field as encountered by the Well. Based on the drilling which has occurred in said Section 19, the

present definition for the 12,800 Foot Paluxy Gas Pool should be deleted, and the Special Field Rules should be amended to define the following gas pools:

- a. The 12,725 Foot Paluxy Gas Pool in the Grange Field shall be construed to mean those strata of the Paluxy Formation productive of gas and other hydrocarbons in the interval between the measured depths of 12,725 feet and 12,742 feet in the Moon-Hines-Tigrett Operating Co., Inc. - Newsome 19-13 Well No. 1, as indicated on the Array Induction Log of that Well, and including those strata productive of gas and other hydrocarbons which can be correlated therewith and are in communication therewith, the said Well being located 1200 feet East of the West Line and 1300 feet North of the South Line of Section 19, Township 8 North, Range 19 West, Jefferson Davis County, Mississippi.
- b. The 12,750 Foot Paluxy Gas Pool in the Grange Field shall be construed to mean those strata of the Paluxy Formation productive of gas and other hydrocarbons in the interval between the measured depths of 12,750 feet and 12,776 feet in the Moon-Hines-Tigrett Operating Co., Inc. - Newsome 19-13 Well No. 1, as indicated on the Array Induction Log of that Well, and including those strata productive of gas and other hydrocarbons which can be correlated therewith and are in communication therewith, the said Well being located 1200 feet East of the West Line and 1300 feet North of the South Line of Section 19, Township 8 North, Range 19 West, Jefferson Davis County, Mississippi.
- c. The 12,790 Foot Paluxy Gas Pool in the Grange Field shall be construed to mean those strata of the Paluxy Formation productive of gas and other hydrocarbons in the interval between the measured depths of 12,790 feet and 12,800 feet in the Moon-Hines-Tigrett Operating Co., Inc. - Newsome 19-13 Well No. 1, as indicated on the Array Induction Log of that Well, and including those strata productive of gas and other hydrocarbons which can be correlated therewith and are in communication therewith, the said Well being located 1200 feet East of the West Line and 1300 feet North of the South Line of Section 19, Township 8 North, Range 19 West, Jefferson Davis County, Mississippi.
- d. The 12,810 Foot Paluxy Gas Pool in the Grange Field shall be construed to mean those strata of the Paluxy Formation productive of gas and other hydrocarbons in the interval between the measured depths of 12,810 feet and 12,838 feet in the Moon-Hines-Tigrett Operating Co., Inc. - Newsome 19-13 Well No. 1, as indicated on the Array Induction Log of that Well, and including those strata productive of gas and other hydrocarbons which can be correlated therewith and are in communication therewith, the said Well being located 1200 feet East of the West Line and 1300 feet North of the South Line of Section 19, Township 8 North, Range 19 West, Jefferson Davis County, Mississippi.

4.

The spacing for production from each of the said pools should be that provided for in Rule C.2. of the Special Field Rules as amended.

5.

The proposed amendment will allow for the continued orderly development of the field, will prevent waste, will protect the coequal and correlative rights of the owners in the pool and in the field, will allow the owners in each pool the opportunity to recover his or her fair and equitable share of production from the pool.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the present definition for the 12,800 Foot Paluxy Gas Pool is deleted, and the Special Field Rules are amended as requested, and are set forth in Exhibit 1 to this Order..

SO ORDERED this the 25th day of June, 1998.

STATE OIL AND GAS BOARD

By: Joseph D. Jucars
CHAIRMAN

Prepared by:

Glenn Gates Taylor (MBN 7453)
C. Glen Bush (MBN 7589)
COPELAND, COOK, TAYLOR & BUSH, P.A.
125 South Congress Street, Suite 1700
Post Office Box 2132
Jackson, Mississippi 39225-2132
(601) 354-0123
ATTORNEYS FOR PETITIONER

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EXHIBIT "1"

**SPECIAL FIELD RULES
FOR THE GRANGE FIELD IN
JEFFERSON DAVIS AND LAWRENCE COUNTIES, MISSISSIPPI**

A. FIELD AREA

The Grange Field, as used herein, is that area consisting of the following described land, to-wit:

Sections 18, 19, 30 and 31, Township 8 North, Range 19 West;
Sections 13, 24, 25 and 36, Township 8 North, Range 20 West,
Jefferson Davis County, Mississippi, and

Sections 14, 23 and 26, Township 8 North, Range 20 West,
Lawrence County, Mississippi;

underlain by the Middle Paluxy Gas Pool, the 12,800 Foot Paluxy Gas Pool, Northwest Paluxy Gas Pool, the Lower Paluxy Gas Pool, the Sligo Gas Pool, the Lower Rodessa Gas Pool, the Middle Hosston Gas Pool, the Hosston Gas Pool, the Northwest Fault Block Sligo Gas Pool, the Northeast Fault Block Lower Sligo Gas Pool, and the Northeast Fault Block Hosston Gas Pool, including those strata productive of gas which are interconnected and which can be correlated therewith.

B. POOL DEFINITIONS

1. The Middle Paluxy Gas Pool in the Grange Field shall be construed to mean those strata of the Paluxy Formation which may prove productive of hydrocarbons in the interval between the measured depths of 12,714 feet to 13,105 feet in the System Fuels, Inc. - Robertson Estate 25-8 Well No. 1, as indicated on the Schlumberger Dual Induction Laterlog of said well located 1,600 feet from the North line and 300 feet from the East line of Section 25, Township 8 North, Range 20 West, Jefferson Davis County, Mississippi, including those strata that are correlative therewith.

2. The 12,725 Foot Paluxy Gas Pool in the Grange Field shall be construed to mean those strata of the Paluxy Formation productive of gas and other hydrocarbons in the interval between the measured depths of 12,725 feet and 12,742 feet in the Moon-Hines-Tigrett Operating Co., Inc. - Newsome 19-13 Well No. 1, as indicated on the Array Induction Log of that Well, and including those strata productive of gas and other hydrocarbons which can be correlated therewith and are in communication therewith, the said Well being located 1200 feet East of the West Line and 1300 feet North of the South Line of Section 19, Township 8 North, Range 19 West, Jefferson Davis County, Mississippi.

3. The 12,750 Foot Paluxy Gas Pool in the Grange Field shall be construed to mean those strata of the Paluxy Formation productive of gas and other hydrocarbons in the interval between the measured depths of 12,750 feet and 12,776 feet in the Moon-Hines-Tigrett Operating Co., Inc. - Newsome 19-13 Well No. 1, as indicated on the Array Induction Log of that Well, and including those strata productive of gas and other hydrocarbons which can be correlated therewith and are in communication therewith, the said Well being located 1200 feet East of the West Line and 1300 feet North of the South Line of Section 19, Township 8 North, Range 19 West, Jefferson Davis County, Mississippi.

4. The 12,790 Foot Paluxy Gas Pool in the Grange Field shall be construed to mean those strata of the Paluxy Formation productive of gas and other hydrocarbons in the interval between the measured depths of 12,790 feet and 12,800 feet in the Moon-Hines-Tigrett Operating Co., Inc. - Newsome 19-13 Well No. 1, as indicated on the Array Induction Log of that Well, and including those strata productive of gas and other hydrocarbons which can be correlated therewith and are in communication therewith, the said Well being located 1200 feet East of the West Line and 1300 feet North of the South Line of Section 19, Township 8 North, Range 19 West, Jefferson Davis County, Mississippi.

5. The 12,810 Foot Paluxy Gas Pool in the Grange Field shall be construed to mean those strata of the Paluxy Formation productive of gas and other hydrocarbons in the interval between the measured depths of 12,810 feet and 12,838 feet in the Moon-Hines-Tigrett Operating Co., Inc. - Newsome 19-13 Well No. 1, as indicated on the Array Induction

Log of that Well, and including those strata productive of gas and other hydrocarbons which can be correlated therewith and are in communication therewith, the said Well being located 1200 feet East of the West Line and 1300 feet North of the South Line of Section 19, Township 8 North, Range 19 West, Jefferson Davis County, Mississippi.

6. The Northwest Paluxy Gas Pool shall be defined as those strata of the Paluxy Formation productive of hydrocarbons in the intervals between the measured depths of 12,867 feet and 12,986 feet on the Dual Induction log of the System Fuels, Inc. - Mikell 24-10 Well No. 1, located 1,500 feet from the South line and 1,650 feet from the East line of Section 24, Township 8 North, Range 20 West, Jefferson Davis County, Mississippi, including those strata productive of hydrocarbons which can be correlated therewith and which are in communication therewith.

7. The Lower Paluxy Gas Pool in the Grange Field shall be construed to mean those strata of the Paluxy Formation productive of hydrocarbons in the intervals between the measured depths of 12,890 feet to 13,010 feet in the System Fuels, Inc. - Buckley Estate Well No. 1, as indicated on the Dual Induction log of said well located 1,950 feet from the South line and 150 feet from the West line of Section 19, Township 8 North, Range 19 West, Jefferson Davis County, Mississippi, including those strata productive of hydrocarbons which can be correlated therewith and which are in communication therewith.

8. The Sligo Gas Pool in the Grange Field shall be construed to mean those strata of the Sligo Formation productive of gas in the interval between the electric log depths of 14,180 feet and 14,325 feet in the System Fuels, Inc. - Bobby Brooks Well No. 1, as indicated on the electric log of said well, and including those strata productive of gas which are interconnected and which can be correlated therewith, said well being located 1,750 feet from the North line and 1,900 feet from the East line of Section 26, Township 8 North, Range 20 West, Lawrence County, Mississippi.

9. The Lower Rodessa Gas Pool in the Grange Field shall be construed to mean those strata of the Rodessa Formation productive of gas in the interval between 14,207 feet and 14,232 feet in the System Fuels, Inc. - A. F. Steele 31-6 Well No. 1, as indicated on the

Dual Induction Laterlog of said well, and including those strata productive of gas which are interconnected and which can be correlated therewith, said well being located 1,500 feet from the North line and 1,600 feet from the West line of Section 31, Township 8 North, Range 19 West, Jefferson Davis County, Mississippi.

10. The Middle Hosston Gas Pool in the Grange Field shall be construed to mean those strata of the Hosston Formation productive of gas in the interval between 14,380 feet to 14,634 feet in the Vintage Petroleum, Inc. - Donaldson 25-16 Well No. 1, as indicated on the electric log of said well, including those strata productive of gas which are interconnected and which can be correlated therewith, which well is located 754 feet from the South line and 625 feet from the East line of Section 25, Township 8 North, Range 20 West, Jefferson Davis County, Mississippi.

11. The Northwest Fault Block Sligo Gas Pool in the Grange Field shall be construed to mean those strata of the Sligo Formation productive of gas in the interval between 14,635 feet and 14,675 feet in the System Fuels, Inc. - Mikell 24-6 Well No. 2, as indicated on the Dual Induction Laterlog of said well, and including those strata productive of gas which are interconnected and which can be correlated therewith, said well being located 2,211 feet from the North line and 1,592 feet from the West line of Section 24, Township 8 North, Range 20 West, Jefferson Davis County, Mississippi.

12. The Hosston Gas Pool in the Grange Field shall be construed to mean those strata of the Hosston Formation productive of gas in the interval between the electric log depths of 14,642 feet to 14,720 feet in the System Fuels, Inc. and Harris-Bianchi-Hewitt - E. Mikell 24-10 Well No. 1, as indicated on the electric log of said well, and including those strata productive of gas which are interconnected and which can be correlated therewith, said well being located 1,500 feet North of the South line and 1,650 feet West of the East line of Section 24, Township 8 North, Range 20 West, Jefferson Davis County, Mississippi.

13. The Northeast Fault Block Lower Sligo Gas Pool in the Grange Field shall be construed to be those strata of the Sligo Formation productive of gas and other hydrocarbons in the interval between the measured depths of 14,485 feet and 14,601 feet in the Moon-

Hines-Tigrett Operating Co., Inc. - Buckley 19-12 Well No. 2, as indicated on the array induction log of said Well, and including those strata productive of gas and other hydrocarbons which can be correlated therewith, and are in communication therewith, said Well being located 1250 feet East of the West line and 2600 feet North of the South line of Section 19, Township 8 North, Range 19 West, Jefferson Davis County, Mississippi.

14. The Northeast Fault Block Hosston Gas Pool in the Grange Field shall be construed to mean those strata of the Hosston Formation productive of gas and other hydrocarbons in the interval between the measured depths of 14,472 feet to 14,530 feet in the Moon-Hines-Tigrett Operating Co., Inc. - Buckley Estate 19-12 Well No. 1, as indicated on the dual induction laterlog of said well, and including those strata productive of gas and other hydrocarbons which can be correlated therewith and are in communication therewith, said well being located 900 feet East of the West line and 1,650 feet North of the South line of Section 19, Township 8 North, Range 19 West, Jefferson Davis County, Mississippi.

C. SPACING OF WELLS

1. The characteristics of the Middle Paluxy Gas Pool, the 12,725 Foot Paluxy Gas Pool, the 12,750 Foot Paluxy Gas Pool, the 12,790 Foot Paluxy Gas Pool, the 12,810 Foot Paluxy Gas Pool, the Northwest Paluxy Gas Pool, the Lower Paluxy Gas Pool, the Sligo Gas Pool, the Lower Rodessa Gas Pool, the Middle Hosston Gas Pool, the Northwest Fault Block Sligo Gas Pool, the Hosston Gas Pool, the Northeast Fault Block Lower Sligo Gas Pool, and the Northeast Fault Block Hosston Gas Pool in said field are such that a well located as hereinafter prescribed and drilled upon a drilling unit containing approximately 640 contiguous surface acres conforming to the requirements of the rules herein contained will adequately and efficiently drain and produce the recoverable gas from such units in said pools without avoidable waste.

2. With respect to the Middle Paluxy Gas Pool, the 12,725 Foot Paluxy Gas Pool, the 12,750 Foot Paluxy Gas Pool, the 12,790 Foot Paluxy Gas Pool, the 12,810 Foot Paluxy Gas Pool, the Northwest Paluxy Gas Pool, the Lower Paluxy Gas Pool, the Sligo Gas Pool,

the Lower Rodessa Gas Pool, the Middle Hosston Gas Pool, the Northwest Fault Block Sligo Gas Pool, and the Hosston Gas Pool, every gas well:

(a) Shall be located on a drilling unit consisting of (1) 640 contiguous surface acres; or (2) a governmental section containing not less than 600 acres or more than 680 acres; or (3) sixteen (16) contiguous governmental quarter-quarter sections whose total acreage is not less than 600 acres or more than 680 acres. In any case, no other well producing from the same pool shall be located on any such unit;

(b) Any gas drilling unit formed under Section 2(a) of this rule must be completely encompassed by the perimeter of a rectangle 5,580 feet by 6,245 feet. Provided, however, no unit shall be permitted which will create island acreage.

(c) The well shall be located at least 3,000 feet from every other drilling or producible well located in conformity with this rule; and

(d) The well shall be located not less than 1,500 feet from every exterior boundary of the drilling unit.

3. With respect to the Northeast Fault Block Lower Sligo Gas Pool and the Northeast Fault Block Hosston Gas Pool, every gas well:

(a) Shall be located on a drilling unit consisting of (1) 640 contiguous surface acres; or (2) a governmental section containing not less than 600 acres or more than 680 acres; or (3) sixteen (16) contiguous governmental quarter-quarter sections whose total acreage is not less than 600 acres or more than 680 acres. In any case, no other well producing from the same pool shall be located on any such unit;

(b) Any gas drilling unit formed under 3(a) of this rule must be completely encompassed by the perimeter of a rectangle 5,580 feet by 6,245 feet. Provided, however, no unit shall be permitted which will create island acreage.

(c) The well shall be located at least 1,980 feet from every other drilling or producible well located in conformity with this rule; and

(d) The well shall be located not less than 990 feet from every exterior boundary of the drilling unit.

D. APPLICABILITY OF STATEWIDE RULES

1. All rules and regulations contained in Statewide Order No. 201-51, and any amendment thereto, not specifically covered by the foregoing Special Field Rules are hereby adopted and shall apply to said Field.

2. The Board expressly reserves the right, after notice and hearing, to alter, amend, or repeal any and all of the foregoing rules and regulations.