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STATE OIL AND GAS BOARD
Robert B. Wilson, Acting Supervisor

THE STATE OIL AND GAS BOARD OF MISSISSIPPI

DOCKET NO. 56-82-420

ORDER NO. 73-82

ORDER

This day this cause came on for hearing on the petition of System Fuels, Inc., of New Orleans, Louisiana, qualified to do and doing business in the State of Mississippi, requesting the Board to make permanent the amendment to Special Field Rules for the Holiday Creek Field in Jefferson Davis and Marion Counties, Mississippi adopted by Order No. 18-79 in Docket No. 322-78-420, and extended by Order No. 6-80 entered in Docket No. 298-79-420, and the Board finds that due and legal notice of the meeting of this Board has been given in the manner and time required by law and the rules and regulations of this Board and that due and proper proofs of publication are on file with this Board; that the Board has full jurisdiction of the parties and the subject matter, and having heard the evidence presented and arguments of counsel, this Board is of the opinion that said petition should be granted.

The Board further finds that on April 21, 1977, this Board adopted Special Field Rules for the Holiday Creek Field by Order No. 104-77 providing for drilling units consisting of 80 contiguous surface acres or two governmental quarter-quarter sections containing not less than 72 or more than 88 acres for the Diffrient Sand Oil Pool in said field and defining the Diffrient Sand Oil Pool as encountered in the First Mississippi Corproation et al - No. 1 Jessie P. Diffrient Well located in Section 36, Township 6 North, Range 18 West, Jefferson Davis County, Mississippi.

That by Order No. 18-79 entered in Docket No. 322-78-420, this Board amended said Special Field Rules so as to establish well spacing rules providing for units consisting of one governmental quarter section containing not less than 144

acres or more than 176 acres for the Diffrient Sand Oil Pool, for a period of one year, subject to review at the February, 1980 meeting of this Board.

That by Order No. 6-80 entered in Docket No. 298-79-420, this Board extended the amendment to said Special Field Rules for the Diffrient Sand Oil Pool for a period of two years, subject to a review at the February, 1982 meeting of this Board.

The Board further finds that further geological studies of the field have revealed that the characteristics of the Diffrient Sand Oil Pool in the Holiday Creek Field are such that a well located in accordance with the amendment to the Special Field Rules adopted by Order No. 18-79, and extended by Order No. 6-80, will efficiently drain and produce the recoverable oil from units in said pool without avoidable waste; and that it is now necessary to make permanent said amendment heretofore adopted, and extended from time to time, in the interest of conservation of the hydrocarbons underlying the field in said pool.

IT IS, THEREFORE, HEREBY ORDERED AND ADJUDGED that the amendment to Special Field Rules for the Holiday Creek Field in Jefferson Davis and Marion Counties, Mississippi, providing for units consisting of one governmental quarter section containing not less than 144 acres or more than 176 acres for the Diffrient Sand Oil Pool in said field, are hereby made permanent for said field, and said Special Field Rules, as amended, are attached hereto as Exhibit "A".

ORDERED AND ADJUDGED this 18th day of February, 1982.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By Joe R. Sanchez, Jr.
CHAIRMAN

SPECIAL FIELD RULES
FOR THE HOLIDAY CREEK FIELD
JEFFERSON DAVIS AND MARION COUNTIES
MISSISSIPPI

A. The Holiday Creek Field, as used herein, is that area consisting of the following described land, to-wit:

Sections 1 and 2, Township 5 North, Range 18 West; Section 6, Township 5 North, Range 17 West, Marion County, Mississippi; Sections 19, 30 and 31, Township 6 North, Range 17 West; and Sections 23, 24, 25, 26, 35 and 36, Township 6 North, Range 18 West, Jefferson Davis County, Mississippi,

underlain by the Diffrient Sand Oil Pool, the Booth Sand Gas Pool and the Harper Sand Gas Pool of the Hosston Formation, as hereinafter described, and all producible extensions thereof.

B. The Diffrient Sand Oil Pool in the Holiday Creek Field shall be construed to mean those strata productive of oil in the interval between the depths of 15,936 feet and 15,988 feet as indicated on the electric log of the First Mississippi Corporation, et al - No. 1 Jessie P. Diffrient Well located in Section 36, Township 6 North, Range 18 West, Jefferson Davis County, Mississippi, and all correlative intervals in communication therewith.

C. The Booth Sand Gas Pool of the Hosston Formation in the Holiday Creek Field shall be construed to mean those strata productive of gas in the interval between the depths of 16,308 feet and 16,424 feet as indicated on the electric log of the First Mississippi Corporation, et al - No. 1 Jessie P. Diffrient Well located in Section 36, Township 6 North, Range 18 West, Jefferson Davis County, Mississippi, and all correlative intervals in communication therewith.

D. The Harper Sand Gas Pool of the Hosston Formation in the Holiday Creek Field shall be construed to mean those strata productive of gas in the interval between the depths of 16,070 feet and 16,148 feet as indicated on the electric log of the System Fuels, Inc. - Armstrong Well No. 25-11, located in Section 25, Township 6 North, Range 18 West, Jefferson Davis County, Mississippi, and all correlative intervals in communication therewith.

E. The characteristics of the gas pools herein defined in said field are such that gas wells located and drilled upon drilling units containing approximately 640 acres each conforming to the requirements of the spacing rules herein prescribed will efficiently drain and produce the recoverable gas in said pool without avoidable waste.

F. The characteristics of the oil pool herein defined in said field are such that oil wells located and drilled upon drilling units consisting of one governmental quarter section containing not less than 144 acres or more than 176 acres each conforming to the requirements of the spacing rules herein prescribed will efficiently drain and produce the recoverable oil in said pool without avoidable waste.

RULE 1 - SPACING OF OIL WELLS

A. With respect to the Diffrient Sand Oil Pool, every oil well:

- (1) Shall be located on a drilling unit consisting of one governmental quarter section containing not less than 144 acres or more than 176 acres, upon which no other drilling or producible well is located;
- (2) The well shall be located at least 1320 feet from every other drilling or producible well located in conformity with this rule; and

- (3) The well shall be located at least 660 feet from every exterior boundary of the unit and no more than 820 feet from at least one of the exterior boundaries of the drilling unit.

RULE 2 - SPACING OF GAS WELLS

A. With respect to the Booth Sand Gas Pool and the Harper Sand Gas Pool of the Hosston Formation, every gas well:

- (1) Shall be located on a drilling unit consisting of 640 contiguous surface acres, or a governmental section containing not less than 600 acres or more than 680 acres, upon which no other drilling or producible well is located;
- (2) Any gas drilling unit not a governmental section must be completely encompassed by the perimeter of a rectangle 5580 feet by 6245 feet. Provided, however, no unit shall be permitted which will create island acreage;
- (3) The well shall be located at least 3,000 feet from every other drilling or producible well located in conformity with this rule; and
- (4) The well shall be located not less than 1,500 feet from every exterior boundary of the unit.

RULE 3 - 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.