

MAR 13 1979

STATE OIL AND GAS BOARD
Clyde R. Davis, State Oil & Gas Supervisor

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF BAYOU EXPLORATION CO.
FOR AN AMENDMENT TO THE SPECIAL
FIELD RULES FOR THE HORSESHOE LAKE
FIELD, HOLMES COUNTY, MISSISSIPPI.

DOCKET NO. 26-79-419

ORDER NO. 37-79

FINAL ORDER

THIS DAY this cause came on for hearing before the State Oil and Gas Board on the Petition of Bayou Exploration Co. to amend the Special Field Rules for Horseshoe Lake Field, Holmes County, Mississippi, such hearing being called for such purpose; and

The Board finding 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 and way provided by law and the rules and regulations of the Board and that due, legal and sufficient proofs of publication 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 given, public hearing was held by said Board in the Second Floor Auditorium of the Woolfolk State Office Building, North West Street, Jackson, Mississippi, commencing on February 21, 1979, at which hearing all persons present who desired to be heard on said matter were heard and all testimony and evidence were duly considered by those present at said meeting; and

WHEREAS, the Board having fully considered said matter and the evidence and recommendations made in said hearing, finds as follows:

1. This Board previously adopted Special Field Rules for Horseshoe Lake Field, Holmes County, Mississippi, by Order No. 82-78. Rule 2 of said Special Field Rules authorized the wells in said field to be produced from the Smackover Gas Condensate Pool and the gas flared provided said wells produce no more than 200 barrels of condensate per day subject to the review of this rule at the February, 1979 meeting of this Board.

2. Since the promulgation of Order No. 82-78, Docket No. 60-78-419, all wells in Horseshoe Lake Field have produced no more than 200 barrels of condensate per day and have been flaring the gas produced therefrom. This gas has a CO₂ content in excess of 50 percent and Btu rating of approximately 500. The gas is presently unusable and unmarketable.

3. Continued authority to flare gas from these wells is necessary to prevent avoidable economic waste and waste of known resources. Rule 2 of said Special Field Rules should be amended so as to permit the production from the Smackover Gas Condensate Pool subject to review of the rule at the February, 1980 meeting of this Board.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the following rules be hereby adopted, to wit:

SPECIAL FIELD RULES
FOR THE HORSESHOE LAKE FIELD,
HOLMES COUNTY, MISSISSIPPI

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

Sections 20, 21, 28 and the N 1/2 of Section 29, Township 16 North, Range 1 West, Holmes County, Mississippi, underlain by the Smackover Gas Condensate Pool and all productive extensions thereof.

B. The Smackover Gas Condensate Pool in the Horseshoe Lake Field shall be construed to mean those strata productive of gas and condensate in the interval between the

depths of 9,276 feet and 9,370 feet as indicated on the electric log of the Edwards & Jones Exploration Co. - No. 1 Martha Wingo Well located in the S 1/2, Section 20, Township 16 North, Range 1 West, Holmes County, Mississippi, and all correlative intervals in communication therewith.

- C. The characteristics of the Smackover Gas Condensate Pool are such that gas wells located and drilled upon drilling units containing approximately 320 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.

RULE 1 - SPACING OF GAS WELLS

(a) With respect to the Smackover Gas Condensate Pool, every gas well:

(1) Shall be located on a drilling unit consisting of 320 contiguous surface acres, or a governmental half-section containing not less than 300 acres or more than 340 acres, upon which no other drilling or producible well is located;

(2) Any gas drilling unit not a governmental half-section must be completely encompassed by a perimeter of a rectangle 3735 feet by 5380 feet. Provided, however, no unit shall be permitted which will create island acreage.

(3) The well shall be located at least 1980 feet from every other drilling or producible well located in conformity with this rule; and

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

(b) No portion of the drilling unit upon which a well is located shall be attributed, in whole or in part, to any other drilling or producible well in the same pool.

RULE 2 - PRODUCTION ALLOWED

Wells may be produced from the Smackover Gas Condensate Pool and the gas flared provided said wells produce no more than 200 barrels of condensate per day and subject to a review of this rule at the February, 1980 meeting of this Board.

RULE 3 - APPLICABILITY OF STATEWIDE RULES

(a) All rules and regulations contained in the 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.

ORDERED AND ADJUDGED, this the 21st day of February, 1979.

MISSISSIPPI STATE OIL AND GAS BOARD

BY: Joe R. Sanchez, Jr.
C H A I R M A N