

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

DOCKET NO. 151-74-341

ORDER NO. 184-75

ORDER ADOPTING TEMPORARY SPECIAL FIELD RULES

This cause came on to be heard by the Board on January 9 and 10, 1975, on petition, process and proof at which time the same was fully heard and determined and Order No. 3-75 entered herein establishing Special Field Rules for the Smackover Pool, Lake Como Field.

Thereafter, the matter was appealed to the Circuit Court of the Second Judicial District of Jasper County, Mississippi, wherein the said Order was set aside and the matter remanded to this Board for action consistent with the Opinion.

Upon remand this Board gave notice of a rehearing of the matter by publication as required by law and by mailing a copy of such notice to all interested parties who had entered an appearance in this matter at the initial hearing; whereupon all interested parties or their counsel appeared and the matter was again heard upon statements and the previous record herein whereupon the Board finds:

1. That by prior Order of this Board (Order No. 2-75, entered in Docket No. 150-74-341) the Smackover Unit within the Lake Como Field was created and one of the essential purposes of its creation was the initiation and conducting of secondary recovery operations. The Order creating said unit is on appeal to the Supreme Court of the State of Mississippi, but without supersedeas. The ruling of the Circuit Court of Jasper County as to Order No. 3-75 is also on appeal without supersedeas and the

Field is presently without rules governing the allocation of production to the Smackover Unit and the individual drilling unit and permitting the unit operations to be conducted for secondary recovery.

2. It is in the best interest of conservation and effective and orderly development of the oil and gas within said Smackover Pool in the Lake Como Field that temporary Special Field Rules be adopted, implementing the prior Order which is now on appeal to the Supreme Court, in conformance with the Order of the Circuit Court of Jasper County, Mississippi, pending the appeal of such Order. All parties to the appeal were present before the Board at this hearing and agreed that the Board had jurisdiction to act in the premises and that the Board had the right to enter this Order adopting Special Field Rules for the interim operation of the wells in said Field and the allocation of the MER for said Field. It is fully understood by the Board and all parties present that the rules herein adopted are not agreed to by any party as being the reasonable and proper rules required by law; nor do the parties waive or compromise any of their rights or positions that they are now asserting on their appeals. However, pending final determination of the applicable law, or until further Orders of this Board or a court of competent jurisdiction, these rules will be applied. No other recommendations have been made to this Board at this time.

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED that the temporary Special Field Rules for the Lake Como Field, Jasper County, Mississippi, be hereby adopted as follows, to wit:

SPECIAL FIELD RULES FOR THE
LAKE COMO FIELD
JASPER COUNTY, MISSISSIPPI

A. The Lake Como Field as used herein is that area consisting of the South Half (S 1/2) of Section 32, the South Half (S 1/2) of Section 33, and the Southwest Quarter (SW 1/4) of Section 34, Township 2 North, Range 11 East, Jasper County, Mississippi, and the West Half (W 1/2) of Section 3, Section 4, Section 5, and the North Half (N 1/2) of Section 8, the North Half (N 1/2) of Section 9, and the Northwest Quarter (NW 1/4) of Section 10, Township 1 North, Range 11 East Jasper County, Mississippi, underlain by the Smackover Oil Pools in the Lake Como Field hereinafter defined and all productive extensions thereof.

B. The Smackover Unit as used herein is the following described area:

TOWNSHIP 2 NORTH, RANGE 11 EAST:

The Southeast Quarter of the Southeast Quarter (SE 1/4 SE 1/4) less six (6) acres in the Northeast corner of Section 32;

The South Half of the Southwest Quarter (S 1/2 SW 1/4) of Section 33;

TOWNSHIP 1 NORTH, RANGE 11 EAST:

All of Section 4 except the Northeast Quarter of the Northeast Quarter (NE 1/4 NE 1/4);

The East Half of the East Half (E 1/2 E 1/2) of Section 5;

The North Half of the North Half (N 1/2 N 1/2) of Section 9;

All being in Jasper County, Mississippi.

C. (1) The Smackover Oil Pool in the Lake Como Field shall be construed to mean those strata of the Smackover Formation productive of oil in the interval between 16,178 feet to 17,466 feet (top of the Norphlet Formation) on the

electric log of the Texas Pacific Oil Company J. S. Scott No. 1-A Well located in the Southeast Quarter of the Southeast Quarter (SE 1/4 SE 1/4) of Section 4, Township 1 North, Range 11 East, Jasper County, Mississippi, and all intervals in communication therewith correlative of said strata productive of hydrocarbons.

(2) The Smackover Oil Pool, North Fault Block, in the Lake Como Field shall be construed to mean those strata of the Smackover Formation productive of oil in the interval between 16,520 feet on the electric log of the Texas Pacific Oil Company Pierce No. 1 Well located in the Southeast Quarter of the Northeast Quarter (SE 1/4 NE 1/4) of Section 4, Township 1 North, Range 11 East, and the top of the Norphlet Formation at 17,786 feet on the electric log of the Texas Pacific Oil Company No. 1 Saxon Well in the Southwest Quarter of the Southeast Quarter (SW 1/4 SE 1/4) of Section 33, Township 2 North, Range 11 East, Jasper County, Mississippi, and all intervals in communication therewith correlative of said strata productive of hydrocarbons.

D. The characteristics of the above-described Smackover Oil Pools in said field are such that wells located in conformance with the hereinafter prescribed spacing rules will efficiently drain and produce the recoverable oil from each said pool without avoidable waste.

RULE 1 - SPACING OF OIL WELLS:

A. Every well drilled as an oil well for production from the Smackover Oil Pool above defined and located outside of the Smackover Unit or for production from the Smackover Oil Pool, North Fault Block:

(1) Shall be drilled on a drilling unit consisting of four (4) governmental quarter-quarter sections in the form of a square containing not less than 144 acres

or more than 176 acres upon which no other drilling or producible well is located;

(2) Shall be located at least 500 feet from every exterior boundary of the drilling unit;

(3) Shall be located at least 1,000 feet from every other drilling or producible well to be produced from the same pool;

(4) And a unit heretofore or hereafter formed for any such well covered by Rule 1 A is herein referred to as an individual drilling unit.

B. (1) A drilling and production unit is hereby established for all oil wells drilled within the Smackover Unit and completed in the Smackover Oil Pool as consisting of the entire Smackover Unit area hereinabove described.

(2) Each oil drilling unit located within the Smackover Unit area heretofore established under the provisions of the Special Field Rules for a well producing from the Smackover Oil Pool shall be considered as producing from the unit area in accordance with Order No. 2-75 of this Board entered in Docket No. 150-74-341.

(3) The location and utilization of wells upon the unit area for production or injection from or into the Smackover Oil Pool shall be governed by standards of geology and petroleum engineering designed to promote the greatest ultimate recovery of hydrocarbons contained in the Smackover Oil Pool within the Smackover Unit area.

RULE 2 - SECONDARY RECOVERY AUTHORIZED:

A. Texas Pacific Oil Company, Inc., as Unit Operator of the Smackover Unit, is hereby authorized to conduct pressure maintenance and secondary recovery operations in the Smackover Oil Pool, Lake Como Field, by the injection of water into the existing Jackson No. 2 Well located in said unit area.

B. A permit to drill each new well either as a producer or injection well shall be issued only after notice and hearing upon the filing of Form 2 and Petition for hearing. The completion or recompletion of wells for injection shall be reported on Form 3.

RULE 3 - PRODUCTION TUBING:

Each producing well shall be equipped with and be produced through tubing not larger than 4 inches in nominal diameter and shall be equipped with a master valve.

RULE 4 - ALLOCATION OF PRODUCTION:

A. The maximum efficient rate of production of the Smackover Oil Pool each day shall be determined and fixed by the Board, which shall be such pool's daily allowable production.

B. The daily allowable of such pool shall be allocated as follows:

(1) To each individual drilling unit there shall be allocated that proportionate part of the pool's daily allowable that the number of producing wells in such individual drilling unit bears to the total number of producing wells within all such individual drilling units plus the four presently producing wells within the Smackover Unit.

(2) The remainder of the daily allowable for such pool shall be allocated to the Smackover Unit.

C. Any unit which is not capable of producing, without committing waste, the allowable assigned to it under Rule 4-B shall be considered a deficient unit. The difference between the allowable assigned to the deficient unit and that which it is capable of producing without waste shall be distributed by the Board to the nondeficient unit on the basis of apportionment prescribed in said Rule 4-B.

D. The allowable production of any unit as to the Smackover Pool may be produced by any well or wells on said unit completed in said pool; provided, however, that no well shall be permitted to operate or produce in such manner as to cause waste as defined by the laws of Mississippi or otherwise be detrimental to the pool, and the production from any such well shall be subject to such adjustments by the Board as it may deem necessary, except Smackover Unit wells directly or diagonally offsetting individual drilling units shall not be allowed to produce more than one and one-half times the daily allowable assigned to nondeficient individual drilling units.

RULE 5 - APPLICABILITY OF STATEWIDE RULES:

A. All rules and regulations contained in State-wide 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 Unit.

B. The Special Field Rules for the Lake Como Field adopted in Order No. 49-74 shall be superseded after the effective date hereof.

RULE 6 - TERM OF THESE RULES:

A. These Rules shall become effective as of the date of their adoption.

B. These Rules shall be applied in such manner as to be consistent, insofar as possible, with Order No. 2-75 made in Docket No. 150-74-341, which Order created the Smackover Unit, and shall remain in full force and effect until altered by the Board on Notice and Hearing, which the Board reserves the right to do, either on its motion or on petition of any interested party, or until a court of competent jurisdiction supersedes or reverses the Order of the Circuit Court of Jasper County which invalidated Order No. 3-75 of this Board.

C. Further, 90 days after the date of this Order if secondary recovery operations shall not be progressing to the satisfaction of any party, Petition may be filed requesting revision of these Rules, after notice and hearing.

ORDERED, ADJUDGED AND DECREED, this the 20th day of August, 1975.

MISSISSIPPI STATE OIL AND GAS BOARD

BY:


CHAIRMAN