

THE STATE OIL AND GAS BOARD OF MISSISSIPPI

DOCKET NO. 157-61-54

ORDER NO. 221-61

O R D E R

This day this cause coming on to be heard on the petition of Pan American Petroleum Corporation, a Delaware corporation, qualified to do and doing business in the State of Mississippi, requesting the adoption and promulgation by the Board of Special Field Rules for the Locust Hill Field located in Franklin County, Mississippi; 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 said matter has been given in the manner and way as 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

Pursuant to said notice given, a public hearing was held by said Board in the Second Floor Auditorium of the Woolfolk State Office Building, Jackson, Mississippi, on August 16, 1961, at which time and place all persons present who desired to be heard on said matters were heard and all proposed Special Field Rules were fully discussed and duly considered by those persons at said meeting; and

The Board having fully considered said matter and the evidence and recommendations made in said hearing and the Board finding that the automatic custody transfer system of the type to be installed by Pan American Petroleum Corporation in said field has been authorized by regulatory bodies and laws of other oil producing states, has been tested and found to be accurate and dependable, and the Board further finding that the

use of such system will prevent economic waste and will increase the ultimate life of said field and protect the co-equal and correlative rights of all interested parties in said field, is of the opinion that the request of petitioner should be granted and that the following Special Field Rules should be adopted.

IT IS, THEREFORE, HEREBY ORDERED by the State Oil and Gas Board of Mississippi that the following Special Field Rules be and the same are hereby adopted by the State Oil and Gas Board for the Locust Hill Field located in Franklin County, Mississippi, to take effect on and after August 16, 1961, to-wit:

**SPECIAL FIELD RULES
FOR THE LOCUST HILL FIELD, LOCATED
IN FRANKLIN COUNTY, MISSISSIPPI**

A. The Locust Hill Field, as used herein, is that area in Section 12, Township 5 North, Range 1 East, Franklin County, Mississippi, including all productive extensions thereof underlain by the Minter Sand Oil Pool, in the Wilcox Formation.

The Minter Sand Oil Pool, as used herein, shall be construed to mean those strata of the Wilcox Formation productive of oil from the depth of 6,562 feet to 6,573 feet in the USA J. H. Ewing A No. 1 Well, located 1650 feet from North line and 330 feet from West line of Section 12, Township 5 North, Range 1 East, Franklin County, Mississippi, and including those strata productive of oil which can be correlated therewith.

B. The characteristics of the above mentioned pool are such, and the Board so finds from the evidence, that one well drilled on a regularly formed 40-acre drilling unit will efficiently drain and produce the recoverable oil from such unit in said pool without avoidable waste.

RULE 1 - SPACING OF OIL WELLS

With respect to each pool, every oil well:

- (a) shall be located on a drilling unit consisting of at least 40 surface contiguous acres upon which no other drilling or producible well is located;
- (b) The distance between any two points farthest apart on the drilling unit upon which the well is located shall not exceed 2100 feet;
- (c) No portion of the drilling unit upon which the well is located shall be attributed in whole or in part to any other drilling or producible well in the same pool;
- (d) The rights of all owners in the drilling unit upon which the well is located shall first be pooled or consolidated;
- (e) The well shall be located at least 660 feet from every other drilling or producible well located in conformity with the rule;
- (f) The well shall be located at least 330 feet from every exterior boundary of the drilling unit.

RULE 2 - MEASUREMENT OF PRODUCTION

The operator of each producing lease shall maintain proper separators and stock tanks and/or metering devices and such connections thereto as are necessary to measure the total production from such lease. Where metering devices are used, the production may be commingled in a common storage system with production from other leases and/or

fields in the vicinity. And if, upon a sale therefrom, a variance exists between the measurement from the common storage system and the total measurement of the production of all the leases commingled in such common storage system, then such variance shall be allocated back to each of the leases producing into such common storage system proportionately to the production measured from each lease.

RULE 3 - EQUIPMENT FOR TESTS

The operator of each producing lease on which there are two or more producing wells shall maintain proper separators and stock tanks and/or metering devices and such connections thereto as will permit the adequate testing of each individual well under usual operating conditions without the necessity of closing in any other well. Such separators, stock tanks and/or metering devices and connections thereto shall be subject to approval by the Supervisor.

RULE 4 - USE OF METERS

A. The use of meters for testing and for measurement of lease production shall be subject to and in accordance with the following provisions:

1. Metering devices shall be of the positive displacement or positive volume type which register the volume of oil passed through it in barrels or multiples thereof.
2. All meters shall be downstream of the necessary separating or treating vessels. All meters shall be designed and installed in conformance with recognized metering practices and acceptable to the Oil and Gas Board.

3. No meter used for oil production measurement shall be directly or indirectly by-passed in such manner as to permit oil from separate leases to pass into common storage without first being measured by said meter including wells on test.
4. All meters and equipment affecting meter accuracy shall be kept in good working order. Each meter shall be calibrated periodically by means of a calibrated tank, a calibrated meter prover or a master meter. Any deviations found shall be corrected by use of a proper meter factor.

RULE 5 - AUTOMATIC CUSTODY TRANSFER SYSTEMS AUTHORIZED

Automatic custody transfer systems which automatically test, sample, measure and transfer the production from the operator to the transporter are hereby authorized for the Locust Hill Field. Such systems may be used to transfer production from individual leases or from common storage facilities as authorized in Rule 2 above. In the event the transfer is from such a common storage facility, the allocation of production to the leases being produced into such common storage system will be on the basis of the relationship of the measured production from each lease to the total measured production transferred by the automatic custody transfer system.

The automatic custody transfer system will be equipped with a sampling device which will take a representative sample of the total production passing through the system in order that the specific gravity and the basic sediment and water content can be determined.

The automatic custody transfer system will be equipped with metering devices of the positive displacement or positive volume type which register the volume of oil passed through it in barrels or multiples thereof. In addition to meeting all of the requirements set out in Rule 4 above which deals with the use of meters, said automatic custody transfer metering device will be compensated for temperature, will be so equipped as to provide an accounting of the total oil transferred by such system and will have an accuracy standard equivalent to the accuracy obtained in measurements made in calibrated stock tanks.

RULE 6 - APPLICABILITY OF STATEWIDE RULES

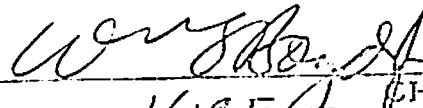
A. All rules and regulations contained in Statewide Order No. 201-51, and any amendments thereto, not specifically covered in the foregoing Special Field Rules are hereby adopted and shall apply to said field.

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.

ORDERED AND ADJUDGED this the 16th day of August, 1961.

MISSISSIPPI STATE OIL AND GAS BOARD

By


VICE CHAIRMAN