

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

JUN 11 1996

RE: PETITION OF OXY USA INC. TO AMEND THE
SPECIAL FIELD RULES FOR LUXOR FIELD,
FRANKLIN COUNTY, MISSISSIPPI

STATE OIL AND GAS BOARD
700 N. GULF BLVD., SUITE 1000
JACKSON, MISSISSIPPI 39201

DOCKET NO. 98-86-810ORDER NO. 137-96ORDER

THIS DAY this matter came on for hearing before the State Oil and Gas Board on the Petition of OXY USA Inc. to amend the Special Field Rules for Luxor Field, such hearing being called for such purpose; and

WHEREAS, 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 law, 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 hearing room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on May 15, 1996, 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 has fully considered said matter and the evidence and recommendations made in said hearing and finds as follows:

1. By Order No. 374-95, Docket No. 237-95, dated November 15, 1995, this Board established the Special Field Rules of Luxor Field, Franklin County, Mississippi, and defined the Lower Tuscaloosa "B" Sand Oil Pool as discovered in the Hale A No. 1 Well. The Hale A No. 1 Well continues to produce from said zone. Petitioner has now drilled its Johnson A No. 1 Well as a direct West offset to the Hale A No. 1 Well for the purpose of developing Luxor Field. The Johnson A No. 1 Well has encountered a Lower Tuscaloosa zone that will correspond with one or more of the zones that can be produced by the Hale A No. 1 Well but is outside the

currently defined pool. As a result, Petitioner has proposed to amend the Special Field Rules of Luxor Field to change the definition and the name of the currently defined oil pool to be named the Lower Tuscaloosa "AB" Oil Pool.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules of Luxor Field, Franklin County, Mississippi shall be and are hereby amended to read as follows:

SPECIAL FIELD RULES FOR
LUXOR FIELD, FRANKLIN COUNTY, MISSISSIPPI

A. Luxor Field as used herein shall include the following lands:

The S 1/4 of Section 24, all of Sections 34, 35, and 36, the E 1/2 of Section 37, all of Sections 39, 40 and 41, and that portion of Section 42 West of a line running from the Northernmost point of said Section South to the South line of said Section 42, all in Township 7 North, Range 2 East, Franklin County, Mississippi, and all productive extensions of any pools therein.

B. The Lower Tuscaloosa "AB" Sand Oil Pool is defined as the interval in the Lower Tuscaloosa Formation encountered in the OXY USA Inc. - Hale "A" No. 1 Well, located in the NE 1/4 of the SE 1/4 of Section 36, Township 7 North, Range 2 East, Franklin County, Mississippi, as indicated on the electric log of said well at a depth of 10,505 feet to 10,600 feet, and all strata correlative to and in communication therewith.

RULE 1: SPACING FOR OIL WELLS.

With respect to the Lower Tuscaloosa "AB" Sand Oil Pool, every oil well drilled in such pool

- A. Shall be located on a drilling unit of four (4) contiguous quarter-quarter sections containing not less than 144 and no more than 176 acres upon which no other pool drilling to or producing from said pool is located;
- B. Any drilling unit not composed of four (4) contiguous quarter-quarter sections shall contain 160 surface acres which must be completely encompassed by the perimeter of a rectangle 2,640 feet x 3,500 feet provided, however, no unit shall be permitted which will create island acreage;

C. Each well shall be located at least 1,500 feet from every drilling or producible well from the same pool and not less than 750 feet from every exterior boundary of the drilling unit.

RULE 2: APPLICABILITY OF STATEWIDE RULES.

- A. All rules and regulations contained in Statewide Order No. 201-51 and all amendments thereto, not specifically covered by the foregoing Special Field Rules are hereby adopted and applied to Luxor 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 15th day of May, 1996.

MISSISSIPPI STATE OIL AND GAS BOARD

BY: Joseph J. Zuccaro
CHAIRMAN

SUBMITTED BY:

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