

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

DOCKET NO. 203-89-503

ORDER NO. 553-89

IN RE: PETITION OF DAVID NEW
OPERATING COMPANY, INC., TO
ADOPT SPECIAL FIELD RULES
FOR THE MELTON FIELD, IN
JEFFERSON COUNTY, MISSISSIPPI.

FILED FOR RECORD

JAN 16 1990

STATE OIL AND GAS BOARD
A. Richard Henderson, Supervisor

ORDER

This matter came on this day to be heard on the sworn Petition of Belle Oil, Inc., requesting the Board to adopt and promulgate Special Field Rules for the Melton Field in Jefferson County, Mississippi. By Order of this Board dated November 15, 1989, David New Operating Company, Inc., succeeded Belle Oil, Inc., as the Petitioner in this cause. Upon the calling of this docket for hearing, Grigsby Petroleum, Inc., announced a contest, after which the Board heard the witnesses of the Petitioner and the Contestants, examined the exhibits presented by the parties, heard the arguments of counsel, and considered all evidence and arguments presented. After considering all evidence and arguments, the Board is of the opinion that the relief sought by David New Operating Company, Inc., in this cause should be granted and the Board finds as follows:

(1)

This Board has complete jurisdiction of all of the matters presented in this cause and due and legal notice has been published in accordance with the law and the rules and regulations of this Board.

(2)

The Special Field Rules sought in the Petition of David New Operating Company, Inc., should be established, which field rules provide for the definition of the Lower

Tuscaloosa-Noble Sand and the Lower Tuscaloosa-Walker Sand as separate and distinct reservoirs. The Board finds that the said reservoirs are separate and distinct oil pools not in communication with each other or with any other reservoir producing in the Melton Field of Jefferson County, Mississippi.

(3)

The characteristics of the Lower Tuscaloosa-Noble Sand Oil Pool and the Lower Tuscaloosa-Walker Sand Oil Pool are such that one well for each such pool drilled on a regularly formed forty (40) acre drilling unit will effectively and efficiently drain and produce the recoverable oil from such unit without avoidable waste.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the following Special Field Rules be, and the same hereby are, adopted by the State Oil and Gas Board of Mississippi for the Melton Field, Jefferson County, Mississippi, to take effect on and after the 21st day of December, 1989, to-wit:

SPECIAL FIELD RULES
FOR THE MELTON FIELD,
JEFFERSON COUNTY, MISSISSIPPI

(A)

The Melton Field, as used herein, is that area in Sections 19, 20, 21, 22 and 75, Township 9 North, Range 1 East, Jefferson County, Mississippi, including any productive extensions thereof underlain by the Noble Sand and/or the Walker Sand of the Lower Tuscaloosa Formation.

1. The Lower Tuscaloosa-Noble Sand, as used herein, shall be construed to mean those strata of the Lower Tuscaloosa Formation productive of oil or gas from the depth of 9,968 feet to 9,988 feet in the Freedom Oil Company, Inc., and Victor P. Smith (David New Operating Company, Inc.) No. 1 Noble Well located in Section 19, Township 9 North, Range 1 East, Jefferson County, Mississippi, including those strata productive of oil or gas which can be correlated therewith.

2. The Lower Tuscaloosa-Walker Sand, as used herein, shall be construed to mean those strata of the Lower Tuscaloosa Formation productive of oil or gas from the depth of 10,011 feet to 10,029 feet in the Grigsby Petroleum, Inc., No. 1 Marie Farr Walker Well located in Section 21, Township 19 North, Range 1 East, Jefferson County, Mississippi, including those strata productive of oil or gas which can be correlated therewith.

(B)

The above described oil pools are separate and distinct reservoirs, and not in communication with any other reservoir, producing formation, pool or horizon.

The characteristics of the above mentioned oil pools are such that one well for such pools drilled on a regularly formed forty (40) acre drilling unit will effectively drain and produce the recoverable oil from such unit in said pools without avoidable waste.

RULE 1 - SPACING OF OIL WELLS:

Every well drilled as an oil well to Lower Tuscaloosa Formation:

(a) Shall be located on a drilling unit consisting of forty (40) contiguous acres, or a governmental quarter-quarter section containing not less than thirty-six (36) acres nor more than forty-four (44) acres, and upon which no other drilling or producible well is located.

(b) Any drilling unit not a governmental quarter-quarter section must be completely encompassed by the perimeter of a rectangle 1810 feet by 1445 feet. Provided, however, no unit shall be permitted which will create island acreage.

(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) Each well shall be located at least 660 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule.

(e) Each well shall be located at least 330 feet from every exterior boundary of the unit.

RULE 2 - 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 21st day of December, 1989.

STATE OIL AND GAS BOARD
OF MISSISSIPPI

BY: J. B. Magee Mc Clellan
Chairman