

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF ROUNDTREE & ASSOCIATES, INC., TO AMEND THE SPECIAL FIELD RULES TO ESTABLISH A MAXIMUM EFFICIENT RATE OF PRODUCTION FROM THE HOSSTON FORMATION PRODUCING INTERVAL AND TO EXTEND THE TEST PERIOD FOR ITS ALLAR COMPANY 32-6 NO. 1 WELL IN PARKER CREEK FIELD, JONES COUNTY, MISSISSIPPI

FILED FOR RECORD

DEC 04 2000

STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR

DOCKET NO. 395-2000-824

ORDER NO. 625-2000

FINAL ORDER

This day this matter came on for hearing before the State Oil and Gas Board at its regular November 15, 2000, hearing on the Petition of Roundtree & Associates to amend the Special Field Rules to establish a maximum efficient rate of production (MER) from the Hosston Formation Producing Interval in Parker Creek Field, Jones County, Mississippi, and on Affidavits and other matters in the docket file, such hearing being called for such purpose; and

WHEREAS, the Board finds 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; that due, legal and sufficient proofs of publication and service are on file with the Board; and that the Board has full jurisdiction of the parties and subject matter to hear and determine same; and

WHEREAS, pursuant to said notice and service of process, public hearing was held by said Board in the hearing room, 500 Greymont Avenue, Suite E, Jackson, Mississippi, commencing on

November 15, 2000, 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. That Petitioner is the operator of all wells drilled and completed in Parker Creek Field, Jones County, Mississippi.

2. That the Allar 32-6 No. 1 Well was directionally drilled on a 160 acre oil unit to a total depth of 15,033 feet pursuant to Order No. 505-99 entered December 15, 1999. Said well is currently producing from the Hosston Formation Producing Interval as defined by the Special Field Rules of Parker Creek Field.

3. That the Frost 5-11 No. 1 Well was directionally drilled on a 160 acre oil unit to a total depth of 16,250 feet pursuant to Order No. 209-99 entered July 21, 1999. Said well is currently producing from the Hosston Formation Producing Interval as defined by the Special Field Rules of Parker Creek Field.

4 That Special Field Rules for Parker Creek Field, Jones County, Mississippi, were adopted by Order No. 234-2000 of this Board entered in Docket 154-2000-824 on May 17, 2000.

5. That the purpose of this Petition is to amend the Special Field Rules for Parker Creek Field to establish a MER of 750 BOPD for the Hosston Formation Producing Interval in the said Parker Creek Field.

6. That Petitioner's testing of the Hosston Formation Producing Interval indicates that a rate of 750 BOPD per well is the appropriate MER which would not cause waste. The Hosston Formation Producing Interval is a solution gas depletion drive with a weak secondary water drive which is best described as a depletion drive with water encroachment. The reservoir is not rate

sensitive. The Hosston Producing Interval consists of a steeply dipping bed on the flank of a salt structure with low vertical permeability. Therefore, the requested MER of 750 BOPD per well will not cause coning of water or any other loss of hydrocarbons and will not materially affect or reduce the ultimate recovery of oil or other hydrocarbons from the Hosston Formation Producing Interval.

7. That the Amended Special Field Rules for Parker Creek Field as set forth in the attached Exhibit "A" will promote conservation, will prevent waste, will protect the co-equal and correlative rights of all parties and will avoid the drilling of unnecessary wells.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules for Parker Creek Field are amended to establish a maximum efficient rate of production from the Hosston Formation Producing Interval in Parker Creek Field, Jones County, Mississippi, as set out in Exhibit "A" attached hereto.

IT IS FURTHER ORDERED that Petitioner shall acquire all other permits required by any other permitting authority.

ORDERED AND ADJUDGED, this the 4th day of December 2000.

MISSISSIPPI STATE OIL & GAS BOARD

By: 

Vice CHAIRMAN

SUBMITTED BY:
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ATTORNEY FOR PETITIONER

EXHIBIT "A"

AMENDED SPECIAL FIELD RULES PARKER CREEK FIELD JONES COUNTY, MISSISSIPPI

RULE 1: FIELD LIMITS

The Parker Creek Field is defined as that area consisting of the following described lands, to wit:

All of Section 32 and South 1/2 of Section 29, Township 7 North, Range 13 West;
and all of Section 5 and NW1/4 of Section 8, Township 6 North, Range 13 West,
Jones County, Mississippi,

as underlain by the oil pool herein defined and all correlative or productive extensions thereof.

RULE 2: POOL DEFINITIONS

The Hosston Formation Producing Interval is defined as those strata of the Hosston formation productive of oil and casinghead gas in the interval between 13,570 feet and 14,450 feet measured depth in the Gladys Knight 32-14 No. 1 Well as indicated on the Array Induction Log of said well as recorded by Schlumberger on December 11, 1996, and all sands correlative of this strata productive of oil and casinghead gas, said well being located 2,400 feet from West line and 750 feet from South line of Section 32, Township 7 North, Range 13 West, Jones County, Mississippi.

RULE 3: SPACING OF OIL WELLS

With respect to oil wells completed in the Hosston Formation Producing Interval, each well drilled:

- a. Shall be located on a drilling unit consisting of four (4) contiguous governmental quarter-quarter sections containing not less than one hundred forty-four (144) acres or more than one hundred seventy six (176) acres, upon which no other drilling or producible well is located;
- b. Any drilling unit not composed of four (4) governmental quarter-quarter sections shall contain 160 surface acres which must be completely encompassed by the perimeter of a rectangle 2,640 feet by 3,500 feet. Provided, however, no unit shall be permitted which will create island acreage;

c. The well shall be located at least 1,500 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule; and not less than 750 feet from every exterior boundary of the drilling unit;

d. The Gladys Knight 32-14, Butler 5-5, Frost 5-11 and Allar 32-6, are existing wells in the Hosston Formation Producing Interval at the time these Special Field Rules were adopted; and to the extent said wells were drilled as exceptions to the foregoing rules, said exceptions are adopted and confirmed.

RULE 4: OIL ALLOWABLES FOR PRODUCTION FROM THE HOSSTON FORMATION PRODUCING INTERVAL

The maximum efficient rate of production from the Hosston Formation Producing Interval is such that any well completed in and producing therefrom shall be granted an allowable of 750 barrels of oil per day per well subject to adjustments pursuant to Statewide Rules 34-A.

RULE 5: APPLICABILITY OF STATEWIDE RULES

All rules and regulations contained in Statewide Order No. 201-51 and amendments thereto, not in conflict with the foregoing, shall apply to said field until such time as these Special Field Rules may be altered or amended. The Board expressly reserves the right, after notice and hearing, to alter or amend or repeal any and all of the foregoing regulations.

*****End of Special Field Rules*****