

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

**RE: PETITION OF HOWELL PETROLEUM CORPORATION
TO ESTABLISH SPECIAL FIELD RULES FOR THE
PHILADELPHUS FIELD, WAYNE COUNTY, MISSISSIPPI,
AND OBTAIN RELATED RELIEF**

JUN 30 1998

STATE OIL AND GAS BOARD
Wayne County Supervisor

DOCKET NO. 151-98-831

ORDER NO. 201-98

ORDER

THIS CAUSE came on to be heard at the regular meeting of the Board on May 20, 1998, on the Petition of HOWELL PETROLEUM CORPORATION, Petitioner, requesting the Board to establish Special Field Rules for the Philadelphus Field, and grant related relief. Having considered the Petition, the evidence in support thereof, and being advised in the premises, the Board finds that it is well taken and should be granted. The Board further finds as follows:

1.

The Board has jurisdiction over the parties and the subject matter of the Petition. Due and legal notice of the hearing on the Petition has been given in the time and manner required by law and the rules and regulations of this Board.

2.

Petitioner operates the Howell Petroleum Corporation - J. Carley McRae No. 1 Well (the "Well"), which is located 898 feet South of the North Line and 835 feet West of the East Line of a 160-acre unit comprised of the East Half of the Northwest Quarter (E $\frac{1}{2}$ of NW $\frac{1}{4}$) and the West Half of the Northeast Quarter (W $\frac{1}{2}$ of NE $\frac{1}{4}$) of Section 6, Township 8 North, Range 5 West, Wayne County, Mississippi. The Well has been drilled and completed and is the discovery well for a new oil pool in what is proposed to be defined as the Philadelphus Field. Special Field Rules should be adopted for the field.

3.

The Philadelphus Field should be defined to include the following geographical area:

Section 6, Township 8 North, Range 5 West, and Section 31, Township 9 North, Range 5 West, Wayne County, Mississippi.

4.

The new oil pool which has been discovered by the Well should be defined as follows:

The Cotton Valley "A" Oil Pool in the Philadelphus Field shall be construed to be those strata of the Cotton Valley Formation productive of oil and other hydrocarbons in the interval between the measured depths of 11,010 feet to 11,184 feet in the Howell Petroleum Corporation - J. Carley McRae No. 1 Well, as indicated on the Dual Induction Log of that Well, and including those strata productive of oil and other hydrocarbons which can be correlated therewith and are in communication therewith, said Well being located 898 feet South of the North Line and 2,147 feet West of the East Line of Section 6, Township 8 North, Range 5 West, Wayne County, Mississippi.

5.

The discovery well for the said pool has been drilled and is presented located on a 160-acre drilling unit. The spacing for production from the said new pool should be 160-acre spacing as provided for in Statewide Rule 7.2., notwithstanding the fact that the top of the new oil pool is not encountered below a measured depth of 12,000 feet below the surface. Because of the proximity of the said oil pool to the depth of 12,000 feet below the surface, and because of other pertinent geological and engineering considerations, the said new pool should be drilled and developed according to 160-acre spacing. 160-acre spacing will also maintain the equities of the parties who have borne and shared in the risk and cost of drilling the said discovery well.

6.

The proposed Special Field Rules will allow for the orderly development of the said pool and field, will prevent waste, will protect the coequal and correlative rights of the owners in the Field, and will allow the owners in the pool the opportunity to recover their fair and equitable share of production from the pool.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the proposed Special Field

Rules are adopted, as set forth in Exhibit 1 to this Order.

SO ORDERED this the 25th day of June, 1998.

STATE OIL AND GAS BOARD

By: Joseph S. Jucaris
CHAIRMAN

Prepared by:

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EXHIBIT "1"

**SPECIAL FIELD RULES
FOR THE PHILADELPHUS FIELD IN
WAYNE COUNTY, MISSISSIPPI**

A. FIELD AREA

The Philadelphus Field, as used herein, is that area consisting of the following described land, to-wit:

Section 6, Township 8 North, Range 5 West, and Section 31, Township 9 North, Range 5 West, Wayne County, Mississippi.

underlain by the _____ Gas Pool, including those strata productive of gas which are interconnected and which can be correlated therewith.

B. POOL DEFINITIONS

The Cotton Valley "A" Oil Pool in the Philadelphus Field shall be construed to be those strata of the Cotton Valley Formation productive of oil and other hydrocarbons in the interval between the measured depths of 11,010 feet to 11,184 feet in the Howell Petroleum Corporation - J. Carley McRae No. 1 Well, as indicated on the Dual Induction Log of that Well, and including those strata productive of oil and other hydrocarbons which can be correlated therewith and are in communication therewith, said Well being located 898 feet South of the North Line and 2,147 feet West of the East Line of Section 6, Township 8 North, Range 5 West, Wayne County, Mississippi.

C. SPACING OF WELLS

The spacing for production from the said new pool should be 160-acre spacing as provided for in Statewide Rule 7.2.

D. APPLICABILITY OF STATEWIDE RULES

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

2. The Board expressly reserves the right, after notice and hearing, to alter, amend, or repeal any and all of the foregoing rules and regulations.

--END OF EXHIBIT 1--