

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF HAWKEYE DRILLING COMPANY  
TO TERMINATE THE "EUTAW UNIT" AND TO  
AMEND THE SPECIAL FIELD RULES OF  
PICKENS FIELD, MADISON AND YAZOO  
COUNTIES, MISSISSIPPI.

FILED FOR RECORD

FEB 28 2008

STATE OIL AND GAS BOARD  
LISA IVSHIN, SUPERVISOR

DOCKET NO. 49-2008-2

ORDER NO. 94-2008

ORDER

THIS MATTER came on for hearing before the State Oil and Gas Board on the Petition of Hawkeye Drilling Company requesting authority to terminate the "Eutaw Unit" and to amend the Special Field Rules of Pickens Field; 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 Mississippi Code Ann. § 53-3-7(2)(Supp. 1998) 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 subject matter to hear and determine same; and

WHEREAS, a public hearing was held by the Board in the hearing room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on Wednesday, February 20, 2008, and the Board heard testimony and evidence regarding the request by Hawkeye Drilling Company; and

WHEREAS, the Board has fully considered said matter and the evidence and recommendations presented and finds as follows:

1. The Special Field Rules for Pickens Field, first adopted in 1952, were amended by Order No. 269-98, Docket 190-98 and Order No. 341-78, Docket 223-78-2. A number of wells in that field have produced oil from the Selma Chalk formation, which lies immediately above the Eutaw formation. However, the only Pool defined in the Special Field Rules is the Eutaw Oil Pool.
2. The current Special Field Rules also reference the "Eutaw Unit" which has been dormant since the late 1980s. This reference was to the Waterflood Unit established for John McGowan in Order No. 339-78, Docket 212-78-2. Based on the evidence of lack of production

or operations for more than one (1) year after 2001, this Unit has terminated and the Special Field Rules should be amended to delete references or rules related thereto.

3. Under Orders 470-2007, and 540-2007, Docket No. 161-2007-2, this Board established the 160-acre Pilot CO<sub>2</sub> Unit in order to conduct a “Pilot CO<sub>2</sub>/Waterflood Operation” in the Eutaw and Selma Chalk formations. Petitioner has previously submitted evidence that those formations are in communication through faults and nature fractures and that a tertiary operation, consisting of the injection of water and CO<sub>2</sub> at strategic locations, could substantially increase the amount of oil heretofore recovered from these formations. The Special Field Rules should be amended to amend the definition of this production pool to include those zones in the Selma Chalk formation believed to be in communication with the Wilburn Sand of the Eutaw formation.

4. The Special Field Rules of Pickens Field should also be amended to properly define the productive area of the field, as developed since 1978, to redefine the Eutaw/Selma Chalk Oil Pool and to delete references or rules concerning the terminated “Eutaw Unit”.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules of Pickens Field, Madison and Yazoo Counties, Mississippi shall be and are hereby amended to read as follows:

**SPECIAL FIELD RULES FOR PICKENS FIELD  
MADISON AND YAZOO COUNTIES, MISSISSIPPI**

A. The Pickens Field as used herein is that area consisting of the following lands:

**Township 12 North, Range 2 East**

Sections 14, 15, 16, 22, 23, 24, 25, and 36

**Township 12 North, Range 3 East**

Sections 19, 28, 29, 30, 31, 32, and 33

**Township 11 North, Range 3 East**

Sections 3, 4, 5, 9, 10, and 11

as underlain by the Eutaw/Selma Chalk Oil Pool in the Pickens Field hereinafter defined and all productive extensions thereof.

B. The Eutaw/Selma Chalk Oil Pool in Pickens Field shall be construed to mean those strata of the Selma Chalk and Eutaw Formations productive of oil in the interval between 3865 feet to 4990 feet on the log of the Pilot Unit No. 1 Well (formerly the John W. McGowan-Madison County SWD No. 1 well), API #23-089-20083, located 835 feet FNL and 783 feet FEL of the Southeast Quarter of Section 4, T11N, R3E, Madison County, Mississippi, Pickens Field, and all intervals in communication therewith correlative of said strata.

C. The characteristics of the above described Eutaw/Selma Chalk Oil Pool in said Field are such that wells located in conformance with Rule 1 will efficiently drain and produce the recoverable oil from each said pool without avoidable waste.

**RULE 1 – SPACING OF OIL WELLS:**

A. Every well drilled as an oil well for production from the Eutaw/Selma Chalk Oil Pool:

(1) Shall be drilled according to regular spacing patterns on a drilling unit consisting of forty (40) surface contiguous acres or one (1) governmental quarter-quarter section in the form of a square containing not less than 36 acres or more than 44 acres upon which no other drilling or producible well is located;

(2) Shall be located at least 330 feet from every exterior boundary of the drilling unit;

(3) Shall be located at least 660 feet from every other drilling or producible well to be produced from the same pool;

(4) This Rule shall not apply to wells completed in the 160-acre Pilot CO<sub>2</sub>/Waterflood Unit approved in Order 540-2007, Docket No. 161-2007-2.

**RULE 2 – CLASS II INJECTION OR EOR WELLS:**

A. Pursuant to Order No. 269-98, Docket No. 190-98, prior to the issuance of any permit to drill or convert a Class II Injection or EOR well, the operator seeking such permit shall publish a notice of its intent to do so in the same manner as is currently provided for giving notice of hearings before the Board. Such notice shall be published at least twenty (20) days prior to the issuance of such a permit, so as to allow for a comment period on the permit application of not less than twenty (20) days.

B. If no objection is filed within the twenty (20) day notice period, and the State Oil and Gas Supervisor has determined that the applied-for well meets all necessary requirements under Statewide Rule 63, then the permit may be issued administratively by the Supervisor.

**RULE 3 – APPLICABILITY OF STATEWIDE RULES:**

A. All rules and regulations contained in the current Statewide Rules, and any amendments thereto, not specifically covered in the foregoing Special Field Rules, are hereby adopted and shall apply to said Unit.

B. Any previous Special Field Rules for the Pickens Field shall be superseded after the effective date hereof.

C. 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 28<sup>th</sup> of February 2008, effective February 20, 2008.

MISSISSIPPI STATE OIL AND GAS BOARD

By: 

CHAIRMAN

**OF COUNSEL:**

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