

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

DOCKET NO. 179-88-541

ORDER NO. 395-88

IN RE: PETITION OF SHELL
WESTERN E&P INC., FOR THE
ADOPTION OF AN AMENDMENT OF
THE SPECIAL FIELD RULES IN
THE SOUTH PISGAH FIELD IN
RANKIN COUNTY, MISSISSIPPI.

FILED FOR RECORD

SEP 12 1988

STATE OIL AND GAS BOARD
A. Richard Henderson, Supervisor

ORDER

This day this cause came on for hearing before the State Oil and Gas Board of Mississippi on Petition of Shell Western E&P Inc., requesting the Board to adopt an Amendment to the Special Field Rules for the South Pisgah Field, Rankin County, Mississippi. After examining the Petition, Proofs of Publication, and after hearing all of the evidence offered upon the hearing of said cause, and considering the exhibits presented, and having considered the arguments of Counsel, and being fully advised in the premises, the Board finds as follows:

(1)

That due, proper and legal notice of the meeting of the Board for the purpose of considering and taking action with respect to this matter has been given in the time, manner and way as provided by law and the rules and regulations of the Board; due, legal and sufficient Proofs of Publication are on file with the Board, and the Board has full jurisdiction of the parties and the subject matter and has authority to hear and determine said matter.

(2)

That the Board on December 18, 1985, by Order No. 560-85 adopted Special Field Rules for the South Pisgah Field in Rankin County, Mississippi. These Special Field

Rules established drilling units for the Upper Buckner Formation consisting of 1,280 surface acres, defined the Upper Buckner Pool and the area underlain thereby, and provided other regulations for the drilling and producing for wells in said formation.

(3)

That at the June, 1988, meeting of this Board, Order No. 265-88 was entered in which this Board found that the Petitioner had presented insufficient evidence to support the relief sought, and which Order granted leave to the Petitioner to file for a rehearing of the subject docket. That thereafter, Petitioner, filed a Petition for Rehearing in this docket and the two companion dockets for the reformation of the Shell-Hauberg, et al, No. 1 Unit and the Shell-Hauberg, et al, No. 5 Unit. That at the August, 1988, meeting of the Board, the Petition for Rehearing was granted. That due, proper and legal notice of the Petition for Rehearing was given in the manner and form and for the time required by law and by the rules and regulations of this Board; that due and proper Proofs of Publication are on file with the Board, and that the Board has full jurisdiction of the parties and the subject matter and authority to hear and determine the matters presented to the Board in the Petition for Rehearing.

(4)

That the Petitioner's initial well drilled in the South Pisgah area was the Shell Western E&P Inc.-Hauberg, et al, Unit No. 1 Well. That the Hauberg Unit No. 1 Well was drilled pursuant to Permit No. 123 approved by the Board on September 9, 1977, on a 640 acre drilling unit consisting of Section 26, Township 7 North, Range 4 East, Rankin County, Mississippi. The Hauberg Unit No. 1 Well was

drilled to a total depth of 16,788 feet, was completed and tested commercial carbon dioxide gas from the Norphlet Formation from perforations at 16,150 feet to 16,218 feet. The Hauberg Unit No. 1 is located 2,126 feet from the north line and 2,396 feet from the east line of said Section 26 and was drilled in full compliance with all of the proposed Special Field Rules for the South Pisgah Field.

In addition to the Hauberg Unit No. 1 Well, Petitioner has also tested commercial carbon dioxide gas from the Norphlet Formation from the Hauberg, et al, Unit No. 5 Well. The Hauberg, et al, Unit No. 5 Well is presently located on a 640 acre drilling unit consisting of Section 36, Township 7 North, Range 4 East, which well was drilled to a total depth of 16,339 feet, completed October 6, 1982, and is perforated for production from 16,174 feet to 16,179 feet. Said well is located 1,990 feet from the north line and 1,500 feet from the west line of said Section 36, and was drilled pursuant to Permit No. 660, approved March 18, 1982, by Order No. 123-82 of this Board.

(5)

That no sales of carbon dioxide gas have been made from any of the Petitioner's wells in the Norphlet Formation of the South Pisgah Field, said wells having been shut in pending the development of a market for production from this field. That Petitioner has developed a limited market for said production and plans to begin commercial production from the Norphlet Formation of the South Pisgah Field in the near future.

(6)

That in order for the South Pisgah Field to be produced as expeditiously as possible without avoidable waste and to protect the co-equal and correlative rights of all parties

in interest, it is necessary to establish an Amendment to the Special Field Rules for said field providing for units for the Norphlet Formation consisting of 1,280 surface acres, defining the Norphlet Pool and the area underlain thereby, and providing other regulations for the drilling and producing operations for wells in the said field.

(7)

That the Board should continue limiting the amended Special Field Rules hereinafter adopted to the South Pisgah Field as defined herein.

(8)

That the South Pisgah Field, Rankin County, Mississippi, used herein, is that area consisting of lands underlain by:

(A) the Upper Buckner Gas Pool consisting of Sections 1, 2 and 3, Township 6 North, Range 4 East, Section 6, Township 6 North, Range 5 East, Sections 22, 23, 24, 25, 26, 27, 28, 34, 35 and 36, Township 7 North, Range 4 East, and the West 1/2 of Section 30 and all of Section 31, Township 7 North, Range 5 East, all in Rankin County, Mississippi; and,

(B) The Norphlet Gas Pool consisting of Sections 1 and 2, Township 6 North, Range 4 East, and Sections 22, 23, 24, 25, 26, 27, 35 and 36, Township 7 North, Range 4 East, all in Rankin County, Mississippi.

(9)

That information secured from the drilling of wells in the South Pisgah Field has supplied information showing that the Norphlet Gas Pool can be defined as those strata of the Norphlet Formation productive of gas in the interval between 16,150 feet and 16,734 feet in the Shell Western E&P Inc.-Hauberg, et al, Unit No. 1 Well located as above

described.

(10)

That it is necessary for the Special Field Rules to be amended for the South Pisgah Field, adding the Norphlet Pool as set forth above, defining the area of said field, and establishing Amendments to the Special Field Rules for the proper, orderly and safe development of said field to prevent the drilling of unnecessary wells, to protect and enforce the co-equal and correlative rights of all owners in said field, to prevent avoidable waste, and to promote the conservation of natural resources.

(11)

That the characteristics of the Norphlet Gas Pool as above defined in said field are such that a well located as set forth in the hereinafter set forth Amended Special Field Rules and drilled upon a unit consisting of 1,280 surface acres, conforming to the requirements of said Amended Special Field Rules, will effectively drain such unit and the production therefrom and economically recover the recoverable gas from such unit without avoidable waste.

(12)

That the Amendments to the Special Field Rules will encourage and promote full development of said field, will safeguard, protect and enforce the co-equal and correlative rights of all owners in said field and will prevent the drilling of unnecessary wells.

(13)

That the Amendments to the Special Field Rules for the South Pisgah Field as hereinafter set forth should be adopted by this Board.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the following Amendments

to the Special Field Rules be, and the same are, hereby adopted for the South Pisgah Field, Rankin County, Mississippi, to take effect on and after the date of this Order, to-wit:

AMENDED SPECIAL FIELD RULES
FOR THE SOUTH PISGAH FIELD,
RANKIN COUNTY, MISSISSIPPI

FIELD LIMITS:

The South Pisgah Field as used herein is that area consisting of the following lands, to-wit:

Sections 1, 2 and 3, Township 6 North, Range 4 East;

Section 6, Township 6 North, Range 5 East;

Sections 22, 23, 24, 25, 26, 27, 28, 34, 35 and 36, Township 7 North, Range 4 East;

West 1/2 of Section 30 and all of Section 31, Township 7 North, Range 5 East;

all in Rankin County, Mississippi;

underlain by the Upper Buckner Gas Pool as hereinafter defined and all productive extensions thereof correlative therewith and interconnected therewith;

And,

Sections 1 and 2, Township 6 North, Range 4 East;

Sections 22, 23, 24, 25, 26, 27, 35 and 36, Township 7 North, Range 4 East;

all in Rankin County, Mississippi;

underlain by the Norphlet Gas Pool as hereinafter defined and all productive extensions thereof correlative therewith and interconnected therewith.

Upper Buckner Gas Pool:

The Upper Buckner Gas Pool as used herein shall be construed to mean those strata of the Upper Buckner Formation productive of gas in the interval between 14,599 feet and 15,070 feet in the Shell Western E&P Inc.-Hauberg, et al, Unit No. 4 Well located 2,850 feet from the north line and 1,500 feet from the west line, Section 25,

Township 7 North, Range 4 East, Rankin County, Mississippi, as indicated on the electric log of said well and all sands correlative of said strata and interconnected therewith productive of gas.

Norphlet Gas Pool:

The Norphlet Gas Pool as used herein shall be construed to mean those strata of the Norphlet Formation productive of gas in the interval between 16,150 feet and 16,734 feet in the Shell Western E&P Inc.-Hauberg, et al, Unit No. 1 Well located 2,126 feet from the north line and 2,396 feet from the east line, Section 26, Township 7 North, Range 4 East, Rankin County, Mississippi, as indicated on the electric log of said well and all sands correlative of said strata and interconnected therewith productive of gas.

Drilling Unit Size:

The characteristics of the Upper Buckner Gas Pool and the Norphlet Gas Pool in said field are such that a well located as hereinafter prescribed and drilled upon a drilling unit consisting of 1,280 surface acres, conforming to the requirements herein contained, will effectively drain and produce the recoverable gas from such unit in said gas pool without avoidable waste.

RULE I - SPACING OF WELLS:

Every well hereinafter drilled as a gas well in the South Pisgah Field to the Upper Buckner Gas Pool and Norphlet Gas Pool:

(A) Shall be located on a drilling unit consisting of 32 contiguous governmental quarter-quarter sections lying in not more than three (3) sections and containing not less than 1,200 acres or more than 1,360 acres, upon which no other drilling or producible well to the same gas pool is located;

(B) Shall be located on a drilling unit approved by the State Oil and Gas Board of Mississippi after notice and hearing;

(C) Shall be located at least 1,500 feet from every exterior boundary of the drilling unit;

(D) Shall be located at least 3,000 feet from every other drilling or producible well to the same gas pool;

(E) No unit shall be permitted which will create island acreage.

RULE II - APPLICABILITY OF STATEWIDE RULES:

(A) All rules and regulations contained in Statewide Order No. 201-51, Statewide Rules, and amendments thereto not in conflict with the foregoing Special Field Rules are hereby adopted and shall apply in said field.

(B) The Board expressly reserves the right after notice and hearing to alter, amend or repeal any and all of the above and foregoing regulations.

SO ORDERED AND ADJUDGED, this the 30th day of August, 1988.

STATE OIL AND GAS BOARD
OF MISSISSIPPI

BY: F. B. Mayo McElhee
Chairman