

APR 21 2004

STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

**Re: Petition of Skrivanos Engineering, Inc. Requesting
Adoption of Special Field Rules for East Poplarville
Field, Pearl River County, Mississippi**

DOCKET NO. 81-2004-788

ORDER NO. 122-2004

ORDER

This day this cause came on to be heard on the Petition of Skrivanos Engineering, Inc. requesting the State Oil and Gas Board of Mississippi to enter an order adopting Special Field Rules for East Poplarville Field in Pearl River County, Mississippi, to establish the geographical limits of said field, to define the Paluxy "A" Gas Pool, the Paluxy "B" Gas Pool and the Lower Hosston Gas Pool, to establish spacing rules for said pools, and granting related relief. This Board, having considered the Petition and the evidence submitted in support thereof, and being fully advised in the premises, is of the opinion and finds that the relief requested by Skrivanos Engineering, Inc. should be, and the same is hereby, granted. This Board further finds and determines as follows, to-wit:

1.

Due, proper and legal notice of the meeting of this Board for the purpose of considering and hearing the Petition filed herein has been given in the manner and time provided by law and the rules and regulations of this Board. Due, legal and sufficient proofs of publication of such notice and proof of notice by personal service are on file with this Board. Skrivanos Engineering, Inc. has made a diligent effort to give the personal notice required by the statutes of the State of Mississippi and the rules and regulations of this Board. This Board has full jurisdiction of the parties and the subject matter hereof.

2.

A public hearing was held by this Board in Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on March 17, 2004, at 9:30 o'clock a.m., at which time and place all persons who desired to be heard on said matter were heard and all

testimony and the evidence were duly considered by this Board. The Petitioner, Skrivanos Engineering, Inc., a Louisiana corporation, whose address is Post Office Box 1492, Shreveport, Louisiana 71101, was represented at the hearing by its attorney, James M. Nix. No other parties made an appearance at the hearing of this matter.

3.

Skrivanos Engineering, Inc. is the duly authorized operator of the Phoenix Minerals No. 2 Well and the Phoenix Minerals No. 4 Well in East Poplarville Field, Pearl River County, Mississippi.

4.

East Poplarville Field was discovered in 1993, when Skrivanos Engineering, Inc. re-entered and re-completed the Phoenix Minerals 17-11 No. 1 Well and established commercial gas production from the Lower Hosston Formation. The Phoenix Minerals 17-11 No. 1 Well was located 1500 feet North of the South line and 1500 feet East of the West line of Section 17 of Township 2 South, Range 15 West, Pearl River County, Mississippi.

5.

Skrivanos Engineering, Inc. drilled and completed the Phoenix Minerals No. 2 Well in 2001 at a location 1350 feet North of the South line and 1000 feet East of the West line of Section 17 of Township 2 South, Range 15 West, Pearl River County, Mississippi, and completed said well in the Paluxy Formation between the electric log depths of 12,310 feet and 12,322 feet.

6.

Skrivanos Engineering, Inc. recently drilled and completed the Phoenix Minerals No. 4 Well at a location 700 feet from the North line and 1800 feet from the West line of Section 20 of Township 2 South, Range 15 West, Pearl River County, Mississippi, and completed said well in the Paluxy Formation between the electric log depths of 12,278 feet and 12,294 feet.

7.

Based upon the downhole pressures encountered in the Phoenix Minerals No. 2 Well and the Phoenix Minerals No. 4 Well, it appears that more than one separate and distinct pool exists in the Paluxy Formation in East Poplarville Field.

8.

No Special Field Rules have been adopted by this Board for East Poplarville Field. It is necessary that Special Field Rules be promulgated by this Board for East Poplarville Field to establish the limits of said field, to define the Paluxy "A" Gas Pool, the Paluxy "B" Gas Pool and the Lower Hosston Gas Pool and to establish spacing rules for said pools in order that the field can be fully developed and the reserves efficiently drained therefrom without waste.

9.

The known geographical area of East Poplarville Field consists of the entirety of Section 17 and the North Half (N½) of Section 20 of Township 2 South, Range 15 West, Pearl River County, Mississippi.

10.

Based upon the log of the Phoenix Minerals No. 4 Well, the Paluxy "A" Gas Pool should be defined in the Special Field Rules for East Poplarville Field as follows:

The Paluxy "A" Gas Pool in East Poplarville Field shall be construed to mean those strata of the Paluxy Formation capable of producing gas in the interval between the electric log depths of 12,274 and 12,296 feet on the log of the Phoenix Minerals No. 4 Well located in Section 20 of Township 2 South, Range 15 West, Pearl River County, Mississippi, and all sands correlative to and in communication with said strata.

11.

Based upon the log of the Phoenix Minerals No. 2 Well, the Paluxy "B" Gas Pool should be defined in the Special Field Rules for East Poplarville Field as follows:

The Paluxy "B" Gas Pool in East Poplarville Field shall be construed to mean those strata of the Paluxy Formation capable of producing gas in the interval between the electric log depths of 12,304 feet and 12,332 feet on the log of the Phoenix Minerals No. 2 Well located in Section 17 of Township 2 South, Range 15 West, Pearl River County, Mississippi, and all sands correlative to and in communication with said strata.

12.

Based upon the log of the Phoenix Minerals 17-11 No. 1 Well, the Lower Hosston Gas Pool should be defined in the Special Field Rules for East Poplarville Field as follows:

The Lower Hosston Gas Pool in East Poplarville Field shall be construed to mean those strata of the Hosston Formation capable of producing gas in the interval between the electric log depths of 16,810 feet and 16,942 feet on the log of the Phoenix Minerals 17-11 No. 1 Well located in Section 17 of Township 2 South, Range 15 West, Pearl River County, Mississippi, and all sands correlative to and in communication with said strata.

13.

In view of the characteristics and properties of the Paluxy and Hosston Formations in East Poplarville Field, the spacing rules for the Paluxy "A" Gas Pool, the Paluxy "B" Gas Pool and the Lower Hosston Gas Pool should be in accordance with the spacing rules currently set forth in Rule 8(1) of the statewide rules and regulations of this Board.

14.

The establishment of Special Field Rules for East Poplarville Field as proposed by Skrivanos Engineering, Inc. will promote conservation, prevent waste, avoid the drilling of unnecessary wells, and safeguard, protect and enforce the coequal and correlative rights of all owners in East Poplarville Field to the extent that each such owner may recover his fair and equitable share of recoverable hydrocarbons without unnecessary expense. Furthermore, the establishment of the Special Field Rules for East Poplarville Field will foster, encourage and promote the full development of said field.

IT IS THEREFORE ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the relief requested by Skrivanos Engineering, Inc. in the Petition filed in this docket should be, and the same is hereby, granted and it is ordered that Special Field Rules for East Poplarville Field should be, and the same are hereby, adopted and established and shall read as follows, to-wit:

SPECIAL FIELD RULES
for
EAST POPLARVILLE FIELD
PEARL RIVER COUNTY, MISSISSIPPI

A. FIELD AREA:

East Poplarville Field, as used herein, is that geographical area consisting of the entirety of Section 17 and the North Half of Section 20, all in Township 2 South, Range 15 West, Pearl River County, Mississippi, underlain by the Paluxy and/or Hosston Formations and all productive extensions thereof.

B. POOL DEFINITIONS:

(1) The Paluxy "A" Gas Pool in East Poplarville Field shall be construed to mean those strata of the Paluxy Formation capable of producing gas in the interval between the electric log depths of 12,274 and 12,296 feet on the log of the Phoenix Minerals No. 4 Well located in Section 20 of Township 2 South, Range 15 West, Pearl River County, Mississippi, and all sands correlative to and in communication with said strata.

(2) The Paluxy "B" Gas Pool in East Poplarville Field shall be construed to mean those strata of the Paluxy Formation capable of producing gas in the interval between the electric log depths of 12,304 feet and 12,332 feet on the log of the Phoenix Minerals No. 2 Well located in Section 17 of Township 2 South, Range 15 West, Pearl River County, Mississippi, and all sands correlative to and in communication with said strata.

(3) The Lower Hosston Gas Pool in East Poplarville Field shall be construed to mean those strata of the Hosston Formation capable of producing gas in the interval between the electric log depths of 16,810 feet and 16,942 feet on the log of the Phoenix Minerals 17-11 No. 1 Well located in Section 17 of Township 2 South, Range 15 West, Pearl River County, Mississippi, and all sands correlative to and in communication with said strata.

C. RULES:

RULE 1 -- Spacing of Gas Wells

(1) The following spacing rules shall apply to each well drilled into and productive from the Paluxy "A" Gas Pool, the Paluxy "B" Gas Pool and the Lower Hosston Gas Pool, as defined above:

- (a) Each such well shall be located on a unit consisting of (i) six hundred forty (640) contiguous surface acres, or (ii) a governmental section containing not less than six hundred (600) acres nor more than six hundred eighty (680) acres, or (iii) sixteen (16) contiguous governmental quarter-quarter sections whose total acreage is not less than six hundred (600) acres nor more than six hundred eighty (680) acres. The word "contiguous" as used herein shall mean bordering each other at more than one point.

- (b) Any gas unit not a governmental section must be completely encompassed by the perimeter of a rectangle 5580 feet by 6245 feet; provided, however, no unit shall be permitted which will create island acreage.
- (c) Each such well shall be located at least 3000 feet from every other well completed in and producing from the same pool located in conformity with this rule.
- (d) The location of each such well shall be at least 1500 feet from every exterior boundary of the unit.
- (e) No portion of the unit shall be attributed, in whole or in part, to the production unit for any other well producing from the same pool.

RULE 2 -- Amendment of Special Field Rules

The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any and all of the above rules and regulations, or to grant exceptions to all or any part thereof.

RULE 3 -- Applicability of Statewide Rules

All rules and regulations contained in Statewide Order No. 201-51, and all amendments thereto, are hereby adopted and shall apply to East Poplarville Field to the extent not inconsistent with the above rules.

- - - - end of Special Field Rules - - - -

IT IS FURTHER ORDERED that this Order shall be effective from and after March 17, 2004.

SO ORDERED AND ADJUDGED on this the 21st day of ^{April}~~March~~, 2004.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By:


James W. Sandifer, Chairman

Prepared and submitted by:
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