

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF VENTURE OIL & GAS, INC. TO
AMEND THE SPECIAL FIELD RULES FOR
REEDY CREEK FIELD, AND OBTAIN RELATED
RELIEF

JAN 19 2005

STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR

DOCKET NO. 447-2004-137

ORDER NO. 624-2004

ORDER

THIS MATTER came on to be heard at the regular December 2004 meeting of the State Oil and Gas Board on the Petition of VENTURE OIL & GAS, INC., requesting an amendment of the Special Field Rules for Reedy Creek Field, and for related relief.

Having considered the Petition, the evidence in support thereof, and being fully advised in the premises, the Board finds that the Petition is well-taken and should be granted. The Board also 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.

The Board has previously adopted Special Field Rules for Reedy Creek Field in Jones County, Mississippi. Certain amendments should be made to those Special Field Rules.

3.

In order to take into account relevant faulting and geological conditions, and to correct certain language, the existing definition for the 11,400' Rodessa Oil Pool should be amended as follows:

The 11,400' Rodessa Oil Pool in the Reedy Creek Field as used herein shall be construed to mean those strata of the Rodessa Formation underlying said field productive of oil occurring between the measured depths of 10,933 feet and 11,168 feet on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on November 17, 1961, in The California Company-Sarah Bemis et al Unit 2 No. 1 Well located in the Northeast One-Quarter of the Southwest One-Quarter of Section 9, Township 9 North, Range 11 West, Jones County,

Mississippi, and all strata which are correlative with and in communication with those intervals.

4.

Likewise, for the same reasons, the existing definition for the 11,600' Rodessa Oil Pool should be amended as follows:

The 11,600' Rodessa Oil Pool in the Reedy Creek Field as used herein shall be construed to mean those strata of the Rodessa Formation underlying said field productive of oil occurring between the measured depths of 11,168 feet and 11,340 feet on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on November 17, 1961, in The California Company-Sarah Bemis et al Unit 2 No. 1 Well located in the Northeast One-Quarter of the Southwest One-Quarter of Section 9, Township 9 North, Range 11 West, Jones County, Mississippi, and all strata which are correlative with and in communication with those intervals.

5.

Additionally, the Board should define the "Downdthrown Rodessa Oil Pool" as follows:

The Downdthrown Rodessa Oil Pool in the Reedy Creek Field as used herein shall be construed to mean those strata of the Rodessa Formation underlying said field productive of oil occurring between the measured depths of 11,340 feet and 11,650 feet on the Dual Induction Log for the Venture Oil & Gas, Inc.(originally drilled by Chevron)-W. M. Geiger Well No. 2, located in the Northwest One-Quarter of the Southwest One-Quarter of Section 9, Township 9 North, Range 11 West, Jones County, Mississippi, and all strata which are correlative with and in communication with those intervals.

6.

Spacing for production from the said pools should be as provided for in Statewide Rule 7.

7.

The proposed amendments to the Special Field Rules will allow for the continued orderly development of the said pools 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 Petition filed herein is granted; and the Special Field Rules for Reedy Creek Field are amended as proposed, as more particularly set forth in Exhibit "A" to this Order, which is

incorporated by reference.

SO ORDERED AND ADJUDGED, this the 19th day of ~~December~~, ^{January 2005} 2004.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By: Joseph D. Zuercher
CHAIRMAN

PREPARED BY:

Glenn Gates Taylor (MBN 7453)
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EXHIBIT "A"

SPECIAL FIELD RULES FOR
REEDY CREEK FIELD, JONES COUNTY, MISSISSIPPI

RULE I: LIMITS OF FIELD

The Reedy Creek Field as used herein is that area in Sections 3, 4, 9, 10, 16, T-9-N, R-11-W, Jones County, Mississippi, underlain by one or more of the pools hereinafter defined and all productive extensions thereof.

RULE II: POOLS

- (A) The Eutaw Formation occurs in the Reedy Creek Field between the measured depths of 5842 and 6272 on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on March 11, 1961, in The California Company-Nina M. Daly et al 2 #2 Well, located in the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 10, T-9-N, R-11-W, Jones County, Mississippi, or correlative of these strata in other wells to said interval. The Eutaw Formation includes but is not necessarily limited to the following defined pool:
- (B) The Basal Eutaw Formation occurs in the Reedy Creek Field between the measured depths of 6272' and 6394' on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on March 11, 1961, in The California Company-Nina M. Daly et al 2 #2 Well, located in the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 10, T-9-N, R-11-W, Jones County, Mississippi. The Basal Eutaw Formation includes, but is not necessarily limited to the following:
 - (1) The 6200' Reservoir in the Reedy Creek Field between the measured depth of 6272' and 6394' on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas on March 11, 1961, in The California Company-Nina M. Daly et al 2 #2 Well, located in the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 10, T-9-N, R-11-W, Jones County, Mississippi.

- (2) The 6300' Pool in the Reedy Creek Field shall be construed to mean those strata of the Basal Eutaw Formation productive of oil encountered between the measured depths of 6282' and 6322' in the Chevron U.S.A. Inc.-Clifton Walker et al 2 Unit 1-2 Well located in Section 9, Township 9 North, Range 11 West, Jones County, Mississippi, as indicated on the Dresser Atlas Dual Induction Focused Log of said well, and including those strata productive of oil which can be correlated therewith.
- (C) The Upper Tuscaloosa Formation occurs in the Reedy Creek Field between the measured depths of 6394' and 7420' on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas on March 10, 1961, in The California Company-B. C. Townsend 3 #1 Well, located in the NW¼ of the NE¼ of Section 3, T-9-N, R-11-W, Jones County, Mississippi, or correlative of these strata in other wells to said interval.
- (D) The Lower Tuscaloosa Formation occurs in Reedy Creek Field between the measured depths of 7277' and 7686' on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on June 23, 1960, in The California Company-Clifton Walker 2 et al #2 Well, located in the NE¼ of the SE¼ of Section 9, T-9-N, R-11-W, Jones County, Mississippi, or correlative of these strata in other wells to said interval. The Lower Tuscaloosa Formation includes but is not necessarily limited to the following defined pool;
- (1) The Basal Tuscaloosa Pool in the Reedy Creek Field as defined by Order No. 74-60 of this Board shall be construed as that reservoir which occurs between the Induction Electric Log depths of approximately 7304' and 7372', as indicated on the log run by Schlumberger Well Surveying Corporation of Houston, Texas, on February 23, 1960, in The California Company-First National Bank of Laurel #1 Well.
- (E) The Washita-Fredericksburg Formation occurs in the Reedy Creek Field between the measured depths of 7686' and 9444' on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on June 23, 1960, in The California Company-Clifton Walker 2 et al #2 Well, located in the NE¼ of the

SE¼ of Section 9, T-9-N, R-11-W, Jones County, Mississippi, or correlative of these strata in other wells to said intervals.

- (1) The Washita-Fredericksburg Oil Pool in the Reedy Creek Field shall be construed as that reservoir which occurs between the measured depth of 7,686 feet and 9,444 feet on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on June 23, 1960, in the California Company-Clifton Walker 2 et al No. 2 Well, located in the Northeast Quarter of the Southeast One-Quarter of Section 9, Township 9 North, Range 11 West, Jones County, Mississippi, and all strata which are in communication with or correlative with those intervals, but less and except and not including the following presently defined oil pools: The 9100' Pool, The 9200' Pool, the 9250' Pool, and The 9300' Pool.
- (2) The 9100' Pool in the Reedy Creek Field as defined by Order No. 48-60 of this Board shall be construed as that reservoir which occurs within the sand of the Washita-Fredericksburg Formation between the Induction Electric Log depths of approximately 9508' and 9548' as indicated on the log run by Schlumberger Well Surveying Corporation of Houston, Texas, on February 12, 1960, in The California Company et al-N. G. Stainton et al Unit 1 #1 Well.
- (3) The 9200' Pool in the Reedy Creek Field as defined by Order No. 48-60 of this Board shall be construed as that reservoir which occurs within the sands of the Washita-Fredericksburg Formation between the Induction Electric Log depths of approximately 9609' and 9648' as indicated on the log run by Schlumberger Well Surveying Corporation of Houston, Texas, on February 12, 1960, in The California Company et al-N. G. Stainton et al Unit 1 #1 Well.
- (4) The 9250' Pool in the Reedy Creek Field as defined by Order No. 74-60 of this Board shall be construed as that reservoir which occurs between the Induction Electric Log depths of approximately 9284 feet and 9307 feet as indicated on the log run by Schlumberger Well Surveying Corporation of Houston, Texas, on March 16, 1960, in The California Company-First National Bank of Laurel #1 Well.

- (5) The 9300' Pool in the Reedy Creek Field as defined by Order No. 260-59 of this Board shall be construed as that reservoir in the Lower Cretaceous Sand that occurs between the measured depths of 9296 and 9358 feet on the Induction Electric Log of The California Company-Sarah Bemis #1 Well as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on August 28, 1959.
- (F) The Paluxy Formation occurs in the Reedy Creek Field between the measured depths of 9386' and 10,510' on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on June 18, 1961, in The California Company Board of Supervisors 2 #2 Well, located in the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 16, T-9-N, R-11-W, Jones County, Mississippi, or correlative of these strata in other wells to said interval. The Paluxy Formation includes but is not necessarily limited to the following defined pools:
- (1) The Paluxy Oil Pool in the Reedy Creek Field shall be those intervals which occur between the measured depths of 9,386 feet and 10,510 feet on Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on June 18, 1961 and July 1, 1961, in the Board of Supervisors 2 No. 2 Well, located in the Northeast Quarter of the Northwest Quarter of Section 16, Township 9 North, Range 11 West, Jones County, Mississippi, and all strata which are in communication with or correlative with those intervals, but less and except and not including the following presently defined oil pool: The 9400' Pool.
- (2) The 9400' Pool in the Reedy Creek Field as defined by Order No. 260-59 of this Board shall be construed to mean that reservoir in the Lower Cretaceous Sand that occurs between the measured depths of 9424 and 9480 feet on the Induction Electric Log of The California Company-Sarah Bemis #1 Well as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on August 28, 1959.
- (G) The Rodessa Formation occurs in the Reedy Creek Field between the measured depths of 10,933 and 11,474 on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on November 17, 1961, in The California

Company-Sarah Bemis et al Unit 2 #1 Well, located in the NE¼ of the SW¼ of Section 9, T-9N, R-11-W, Jones County, Mississippi, or correlative of these strata in other wells to said interval. The Rodessa Formation includes but is not necessarily limited to the following defined pools:

- (1) The 11,400' Rodessa Oil Pool in the Reedy Creek Field as used herein shall be construed to mean those strata of the Rodessa Formation underlying said field productive of oil occurring between the measured depths of 10,933 and 11,168 on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on November 17, 1961, in The California Company-Sarah Bemis et al Unit 2 #1 Well located in the Northeast One-Quarter of the Southwest One-Quarter of Section 9, Township 9 North, Range 11 West, Jones County, Mississippi, and all strata which are correlative with and in communication with those intervals.
- (2) The 11,600' Rodessa Oil Pool in the Reedy Creek Field as used herein shall be construed to mean those strata of the Rodessa Formation underlying said field productive of oil occurring between the measured depths of 11,168 feet and 11,340 feet on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on November 17, 1961, in The California Company-Sarah Bemis et al Unit 2 No.1 Well, located in the Northeast One-Quarter of the Southwest One-Quarter of Section 9, Township 9 North, Range 11 West, Jones County, Mississippi, and all strata which are correlative with and in communication with those intervals.
- (3) The Downthrown Rodessa Oil Pool in the Reedy Creek Field as used herein shall be construed to mean those strata of the Rodessa Formation underlying said field productive of oil occurring between the measured depths of 11,340 feet and 11,650 feet on the Dual Induction Log for the Venture Oil & Gas, Inc.(originally drilled by Chevron)-W. M. Geiger Well No. 2, located in the Northwest One-Quarter of the Southwest One-Quarter of Section 9, Township 9 North, Range 11 West, Jones County, Mississippi, and all strata which are correlative with and in communication with those intervals.

(H) The Bailey Formation occurs in the Reedy Creek Field between the measured depths of 11,473' and 11,930' on the Induction Electric Log as recorded by Schlumberger Well Surveying Corporation of Houston, Texas, on August 20, 1961, in The California Company-W. M. Geiger et al #1 Well located in the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 9, T-9-N, R-11-W, Jones County, Mississippi, or correlative of these strata in other wells to said interval. The Bailey Formation includes but is not necessarily limited to the following defined pool:

(1) The 12,000' Sand Pool in the Reedy Creek Field as defined by Order No. 309-61 of this Board shall be construed as that reservoir which occurs in the Lower Cretaceous between the Induction Electric Log depths of approximately 11,556 feet and 11,622 feet as indicated on the log run by Schlumberger Well Surveying Corporation of Houston, Texas, on August 20, 1961, in The California Company-W. M. Geiger et al #1 Well.

(I) The Lower Cotton Valley Formation occurs in the Reedy Creek Field between the measured depths of 14,810' and 16,240' on the Dual Induction-SFL Log as recorded by Schlumberger Well Services Corporation of Houston, Texas, on March 18 and April 3, 1982, in the Chevron U.S.A., Inc.-Clifton Walker et al 2 Unit 2-1 Well, located in the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 9, T-9-N, R-11-W, Jones County, Mississippi. The Lower Cotton Valley Formation includes, but is not limited to the following defined pools:

(1) The 14,800' Lower Cotton Valley Oil Pool shall be construed to mean those strata of the Lower Cotton Valley Formation productive of oil encountered between the measured depths of 14,810' and 15,650' in the Chevron U.S.A. Inc.-Clifton Walker et al 2 Unit 2-1 Well, located in the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 9, T-9-N, R-11-W, Jones County, Mississippi, as indicated on the Schlumberger Dual Induction SFL Log, and including those strata productive of oil which can be correlated therewith.

(2) The 14,500' Lower Cotton Valley Oil Pool shall be construed to mean those strata of the Lower Cotton Valley Formation productive of oil encountered between the measured depths of 14,530' and 14,705' in the TexStar Petroleum, Inc.-Herbert

Jack Hosey 9-14 #1 Well located in the SE¼ of SW¼ of Section 9, Township 9 North, Range 11 West, Jones County, Mississippi, as indicated on the Western Atlas Dual Induction Focused Log of said well, and includes those strata productive of oil which can be correlated therewith.

(J) The Smackover Formation occurs in the Reedy Creek Field between the measured depths of 14,492' and 15,014' on the Dual Induction Focused Log as recorded by Western Atlas on December 3, 1996, in the TexStar Petroleum, Inc.-Board of Education 16-3 #1 Well, located in the NE¼ of the NW¼ of Section 16, Township 9 North, Range 11 West, Jones County, Mississippi, or correlative of these strata in other wells to said interval. The Smackover Formation includes but is not necessarily limited to the following defined pools:

(1) The 14,600' Smackover Oil Pool in the Reedy Creek Field as used herein shall be construed to mean those strata of the Smackover Formation underlying said field productive of oil occurring between the measured depths of 14,492' and 14,955' on the dual Induction Focused Log as recorded by Western Atlas on December 3, 1996, in the TexStar Petroleum, Inc.-Board of Education 16-3 #1 Well located in the NE¼ of the NW¼ of Section 16, Township 9 North, Range 11 West, Jones County, Mississippi, or correlative of these strata in other wells to said interval.

RULE III: SPACING FOR OIL WELLS PRODUCING FROM THE LOWER COTTON VALLEY FORMATION

Every well drilled to develop the above-described oil pools in the Lower Cotton Valley Formation shall be drilled and produced on 80-acre drilling and producing units consistent with Statewide Rule 7.1.

RULE IV: SPACING FOR OIL WELLS PRODUCING FROM THE SMACKOVER FORMATION

Except for the Board of Education 16-3 No. 1 Unit, containing 160 acres, more or less, on which a second well was authorized by Order No. 331-97, every well drilled to develop the above-defined oil pools in the Smackover Formation shall be drilled and produced on 80-acre drilling and producing units consistent with Statewide Rule 7.1.

RULE V: SPACING FOR OIL WELLS PRODUCING FROM THE EUTAW FORMATION, THE BASAL EUTAW FORMATION, THE 6200' RESERVOIR, AND THE 6300' POOL

The spacing for each well that produces from The Eutaw Formation, or The Basal Eutaw Formation, or The 6200' Reservoir, or The 6300' Pool shall be as follows: Each well shall be located a minimum of 100 feet from the unit line; up to 2 wells per unit may produce from the same pool; there shall be a minimum of 200 feet between wells that produce from the same pool on the same unit; and each well can produce with a full allowable.

RULE VI: All rules and regulations contained in Statewide Order No. 201-51 and amendments thereto are hereby adopted and shall apply to the Reedy Creek Field.

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

End of Special Field Rules