

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF MOSBACHER ENERGY COMPANY TO ADOPT SPECIAL FIELD RULES FOR THE SEMINARY FIELD TO DEFINE THE FIELD'S GEOGRAPHICAL LIMITS, PROVIDE 640 ACRE SPACING FOR THE COTTON VALLEY OIL POOL, AND TO ALLOW FOUR INCREASED DENSITY WELLS IN EACH INDIVIDUAL UNIT IN THE SEMINARY FIELD, COVINGTON COUNTY, MISSISSIPPI

FILED FOR RECORD

MAR 30 2009

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 108-2009-387

ORDER NO. 169-2009

ORDER

THIS CAUSE came to be heard on the Petition of Mosbacher Energy Company ("Petitioner") requesting the Board to adopt Special Field Rules for the Seminary Field ("the Field") in Covington County, Mississippi; 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 required by 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, pursuant to said Notice, a public hearing was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on March 18, 2009, at 10:00 o'clock a.m. at which hearing all persons present who desired to be heard on said matter were heard and all testimony and the evidence were duly considered by those present at said meeting; and

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

1.

Petitioner is a current operator in the Field. The Special Field Rules for the Field have never been adopted.

2.

Petitioner seeks authority to define the geographical limits of the Field, to adopt spacing for the Cotton Valley Oil Pool ("the Pool") on 640 acre spacing, to define the Pool, and to allow up to four increased density wells in the Pool for each unit. The Field should

be defined as follows:

Township 7 North, Range 15 West

Section 10: The S½

Section 11: The S½

Section 14: The N½

Section 15: The N½

3.

Petitioner and others have drilled wells in this Field, many of which have penetrated the Pool. These wells have proven that the Pool drains large areas and 640 acre spacing should be adopted. The zone is below 16,000 feet and the permeability and porosity indicates that each well will drain a large area. In fact, one well previously produced over 140,000 barrels of oil from multiple sand sections in the Pool. The Pool should be defined as that strata in the Coot Moore No. 1 Well from 16,700 feet to 18,050 feet and all strata correlative thereof. Petitioner also seeks to add the ability to drill four increased density wells per 640 acre unit to recover additional oil which may not be recovered by the existing well. Therefore, for engineering reasons, the Special Field Rules should be amended to space the Pool on 640 acres and to allow up to four wells in the Pool for each unit. The increased density wells are the best possible manner to produce additional oil to protect the co-equal and correlative rights of all owners in the common source or supply.

4.

The amendment to the Special Field Rules promotes conservation, protects the co-equal and correlative rights of all owners of all owners in interest, avoids the drilling of unnecessary wells and permits oil and gas to be produced which would not otherwise be recoverable.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the Special Field Rules for the Seminary Field shall be and hereby are adopted as follows:

**SPECIAL FIELD RULES
SEMINARY FIELD
COVINGTON COUNTY, MISSISSIPPI**

A. FIELD LIMITS:

The Seminary Field as used herein is that area consisting of the following described lands situation in Covington County, Mississippi, to-wit:

Township 7 North, Range 15 West

Section 10: The S½
Section 11: The S½
Section 14: The N½
Section 15: The N½

and all correlative extensions thereof.

B. POOL DEFINITIONS

1. The **Cotton Valley Oil Pool** in the Seminary Field shall be construed to mean those strata of the Cotton Valley Formation currently, formerly, or in the future productive of oil in the interval between 16,700 feet to 18,050 feet in the Mosbacher Energy Company - Coot Moore No. 1 Well located 72 feet from the South line and 1,490 feet from the West line of Section 11, Township 7 North, Range 15 West, Covington County, Mississippi, as indicated on the electric log of said well, and all sands correlative of these strata productive of oil.

C. SPACING OF WELLS

1. **The Cotton Valley Oil Pool.** As to the Cotton Valley Oil Pool, every well drilled as a oil well:

- (a) shall be located on the drilling unit consisting of:
 - (i) 640 contiguous surface acres; or
 - (ii) a governmental section containing not less than 600 acres or more than 680 acres; or
 - (iii) 16 contiguous governmental quarter-quarter sections whose total acreage is not less than 600 or more than 680 acres.
- (b) any gas unit formed under Section 1(a) of this rule must be completely encompassed by the perimeter of a rectangle 5,580 feet by 6,245 feet. Provided, however, no unit shall be permitted which will create island acreage.
- (c) each well shall be located at least 660 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule.
- (d) each well shall be located not less than 660 feet from every exterior boundary of the drilling unit.
- (e) each 640 acre oil unit may contain up to four producing wells from the pool with a full individual allowable for each increased density well.

D. APPLICABILITY OF STATEWIDE RULES

1. All rules and regulations contained in Statewide Order No. 201-51, and any amendments thereto, not specifically covered in the foregoing rules are hereby adopted and applied to Seminary Field.

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

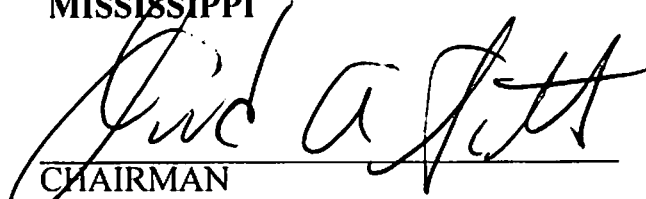
***** End of Special Field Rules *****

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after March 18, 2009.

IT IS FURTHER ORDERED AND ADJUDGED that Petitioner shall acquire any other permits, if any, required by any other permitting authority.

ORDERED AND ADJUDGED this 30th day of March, 2009.

**STATE OIL AND GAS BOARD OF
MISSISSIPPI**



CHAIRMAN

Prepared By:

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