

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF PALMER PETROLEUM, INC., TO  
AMEND THE SPECIAL FIELD RULES TO  
DEFINE THE UPPER COTTON VALLEY OIL  
POOL AND TO ESTABLISH THE SPACING  
THEREOF, SMITHTOWN FIELD, WAYNE AND  
GREENE COUNTIES, MISSISSIPPI

**FILED FOR RECORD**

**OCT - 3 2001**

**STATE OIL AND GAS BOARD  
WALTER BOONE, SUPERVISOR**

**DOCKET NO. 212-2001-820**

**ORDER NO. 402-2001**

**ORDER**

This day this matter came on for hearing before the State Oil and Gas Board at its regular September 19, 2001, hearing on the Petition of Palmer Petroleum, Inc., for authority to amend the Special Field Rules of Smithtown Field to define the Upper Cotton Valley Oil Pool and to establish the spacing thereof, in Smithtown Field, Wayne and Greene Counties, Mississippi, and on Affidavits and other matters in the docket file, such hearing being called for such purpose; 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 law 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 parties and subject matter to hear and determine same; and

WHEREAS, pursuant to said notice and service of process, public hearing was held by said Board in the Chancery Courtroom, Second Floor of Adams County Courthouse, 115 South Wall Street, Natchez, Mississippi, commencing on September 19, 2001, at which hearing all persons present who desired to be heard on said matter were heard and all testimony and 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. That Petitioner is the operator of all wells drilled and completed in Smithtown Field, Wayne and Greene Counties, Mississippi.

2. That by Order No. 647-2000, Docket 412-2000-820, dated December 4, 2000, this Oil and Gas Board amended the Special Field Rules for Smithtown Field and defined the Cotton Valley Gas Pool within said field. Petitioner has now drilled and completed its Walley 6-4 No. 1 Well as a commercially productive oil well in the Upper Cotton Valley Formation.

3. That Petitioner has proposed to name this new oil discovery the Upper Cotton Valley Oil Pool and to define it as follows:

**The Upper Cotton Valley Oil Pool is defined as the interval encountered in the Palmer Petroleum, Inc.- Walley 6-4 No. 1 Well, the location of which is 624 feet from the North line and 203 feet from the West line of Section 6, Township 5 North, Range 7 West, Greene County, Mississippi, as indicated on the electric log of said well to be subsurface depths of 14,660 feet to 15,450 feet, and all strata correlative to and in communication therewith.**

4. That spacing of the Upper Cotton Valley Oil Pool should be the same as that established for the other defined oil pools in Smithtown Field.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules for Smithtown Field are hereby amended as set forth in Exhibit "A".

IT IS FURTHER ORDERED that Petitioner shall acquire all other permits required by any other permitting authority.

ORDERED AND ADJUDGED, this the 1st day of October, 2001.

MISSISSIPPI STATE OIL & GAS BOARD

By: Joseph J. Zuccaro  
CHAIRMAN

SUBMITTED BY:  
WATTS C. UELTSCHY, ESQ.  
State Bar No. 5758  
BRUNINI, GRANTHAM, GROWER & HEWES, PLLC  
1400 Trustmark Building  
Post Office Drawer 119  
Jackson, Mississippi 39205  
Telephone (601) 948-3101

ATTORNEY FOR PETITIONER  
PALMER PETROLEUM, INC.

**EXHIBIT "A"**

**AMENDED SPECIAL FIELD RULES  
SMITHTOWN FIELD  
WAYNE AND GREENE COUNTIES, MISSISSIPPI**

- A. The Smithtown Field, as used herein, is comprised of the following lands in Mississippi, and all productive extensions containing the below defined oil or gas pools
- Township 6 North, Range 7 West, Wayne County  
West Half of Section 31
- Township 6 North, Range 8 West, Wayne County  
Sections 25 and 36
- Township 5 North, Range 7 West, Greene County  
West Half of Section 6
- Township 5 North, Range 8 West, Greene County  
Section 1
- B. The **Lower Cretaceous Oil Pool** is defined as the interval encountered in the Southern Minerals No. 1 Well, located in the NE 1/4 of Section 1, T5N-R8W, Greene County, Mississippi, as indicated on the electric log of said well to be at depth between 11,945 - 12,842 feet, and all strata correlative to and in communication therewith.
- C. The **Lower Hosston Oil Pool** is defined as the interval encountered in the Southern Mineral Corp. No. 2 Well, located in the NE1/4 of NE1/4 of Section 1, Township 5 North, Range 8 West, Greene County, Mississippi, as indicated on the electric log of said well to be a depth of between 13,950 feet - 14,450 feet and all strata correlative to and in communication therewith.
- D. The **Cotton Valley Gas Pool** is defined as the interval encountered in the White 31-13 No. 1 Well, the surface location of which is 911 feet from the South line and 739 feet from the East line of Section 36, Township 6 North, Range 8 West and the bottomhole location

of which is located 1001.3 feet from the South line and 196.9 feet from the West line of Section 31, Township 6 North, Range 7 West, Wayne County, Mississippi, said intervals are indicated on the electric log of said well to be subsurface depths of 16,465 feet to 17,270 feet, and all strata producing gas and condensate correlative to and in communication therewith.

- E. The **Upper Cotton Valley Oil Pool** is defined as the interval encountered in the Palmer Petroleum, Inc., Walley 6-4 No. 1 Well, the location of which is 624 feet from the North line and 203 feet from the West line of Section 6, Township 5 North, Range 7 West, Greene County, Mississippi, as indicated on the electric log of said well to be subsurface depths of 14,660 feet to 15,450 feet, and all strata correlative to and in communication therewith.

#### **RULE NO. 1: SPACING OF OIL WELLS**

Every well drilled to develop the above defined oil pools in Smithtown Field and/or productive extensions thereof shall be drilled and/or produced on a 160 acre drilling unit consistent with Statewide Rule 7.2.

#### **RULE 2: SPACING OF WELLS IN COTTON VALLEY GAS POOL**

- A. All gas wells shall be located on a drilling unit consisting of (1) 320 contiguous surface acres; or (2) a governmental half-section containing not less than 300 acres or more than 340 acres or (3) eight (8) contiguous governmental quarter-quarter sections whose total acreage is not less than 300 or more than 340 acres. In any case, no other well producing from the same pool shall be located on any such unit. The work "contiguous" as used herein shall mean bordering each other at more than one point.
- B. Any gas drilling unit formed under Section 2(a) of this rule must be completely

encompassed by the perimeter of a rectangle 3735 feet by 5380 feet. Provided, however, no unit shall be permitted which will create island acreage.

- C. The well shall be located at least 1,500 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule; and
- D. The well shall be located not less than 590 feet from every exterior boundary of the drilling unit.

**RULE 3: APPLICABILITY OF STATEWIDE RULES**

- A. All rules and regulations contained in Statewide Order No. 201-51, and all amendments thereto, not specifically covered by the foregoing Special Field Rules are hereby adopted and shall apply to said field.
- B. The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any and all of the foregoing rules and regulations.

**\*\*\*END OF SPECIAL FIELD RULES\*\*\***