

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF NORCEN EXPLORER, INC. TO
MAKE PERMANENT OR EXTEND THE SPECIAL
FIELD RULES FOR THE TALLAHOMA CREEK
FIELD, JONES COUNTY, MISSISSIPPI.

MAY 11 1992

STATE OIL AND GAS BOARD
JACKSON, MISSISSIPPI

DOCKET NO. 32-92-743

ORDER NO. 90-92

ORDER

THIS DAY this matter came on for hearing before the State Oil and Gas Board on the Petition of Norcen Explorer, Inc. to make permanent or extend the Special Field Rules for Tallahoma Creek Field, 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 subject matter to hear and determine same; and

WHEREAS, pursuant to said notice and orders entered continuing this matter, public hearing was held by said Board in the hearing room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on April 15, 1992, 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. Norcen Explorer, Inc. is the operator of the Adrine T. Moffett et al. No. 1 Well, the discovery well for the field, which was drilled to a total depth of 17,020 feet on a 640 acre gas unit.
2. Petitioner successfully completed its Moffett well and encountered production of oil in commercial quantities from two sands in the Cotton Valley Formation. By Final Order No. 50-91, Docket No. 24-91-743, this Board established temporary Special

Field Rules for the Tallahoma Creek Field for a period of one year. By Order Nos. 42-92 and 62-92, entered in this docket, the Board continued this matter and extended the temporary field rules until April 15, 1992.

3. Since the discovery well, Petitioner has drilled two additional wells and made a careful study of the geological and engineering characteristics of the Cotton Valley Formation as it was encountered in Tallahoma Creek Field. The data, along with other geological data, shows that the field definition should be expanded to include lands to the East and that the spacing pattern for the 16,200 foot Cotton Valley Oil Pool in this field should continue to be 160 acres. The information acquired from the wells and production makes it clear that the productive potential of the 16,200 foot Cotton Valley Oil Pool is such that the development of this pool on an 80 acre spacing would result in waste and the premature abandonment of further development of this resource. 160 acre spacing for this one pool will minimize pressure depletion and well interference problems, will avoid the drilling of unnecessary wells, and adequately protect the co-equal and correlative rights of all interested parties.

4. The additional wells drilled by Norcen did not encounter productive intervals of the 16,570 foot Cotton Valley Oil Pool. Norcen has therefore not requested to continue 160 acre spacing for this pool.

5. Walter R. Neill, et al., filed a Notice of Contest in this matter on February 11, 1992. Based on an agreement between Walter R. Neill, et al. and Norcen Explorer, Inc., and a stipulation of that agreement entered into the record, Norcen Explorer, Inc. amended the definition of Tallahoma Creek Field from what was proposed in its Amended Petition to what is set forth below and Walter R. Neill, et al. withdrew their objections and Notice of Contest of this docket.

6. The Special Field Rules for Tallahoma Creek Field as set forth below accurately defines the field and pools encountered therein and sets forth the proper spacing and drilling units to

effectively and efficiently drain the reasonable maximum recoverable oil from the defined pools. These proposed Special Field Rules are necessary to foster, encourage, and promote development, production and utilization of the natural resources in Tallahoma Creek Field, to protect against waste, and to safeguard, protect and enforce the co-equal and correlative rights of owners in these pools.

IT IS THEREFORE ORDERED AND ADJUDGED that the Special Field Rules for the Tallahoma Creek Field shall be revised and amended to read as follows:

**SPECIAL FIELD RULES FOR THE TALLAHOMA CREEK FIELD
JONES COUNTY, MISSISSIPPI**

A. THE TALLAHOMA CREEK FIELD SHALL BE DEFINED AS FOLLOWS:

Township 8 North, Range 12 West

Section 21: E 1/2 SE 1/4
Section 22: S 1/2
Section 23: SW 1/4
Section 26: NW 1/4
Section 27: N 1/2
Section 28: E 1/2 NE 1/4

As is underlain by the 16,200' and 16,570' Cotton Valley Oil Pools and all productive extensions thereof.

1. The 16,200' Cotton Valley Oil Pool as used herein shall be construed to mean those strata of the Cotton Valley Formation productive of oil in the interval between 16,199 feet and 16,230 feet below the surface of the earth as shown on the Dual Induction Laterlog for the Norcen Explorer, Inc. -ADRIANE T. MOFFETT ET AL WELL NO. 1 located in Section 22, Township 8 North, Range 12 West at a location 820 feet North of the South line of said Section and 820 feet East of the West line of said Section; and to include all sands correlative of said strata and in communication therewith which are productive of oil.
2. The 16,570' Cotton Valley Oil Pool as used herein shall be construed to mean those strata of the Cotton Valley Formation productive of oil in the interval between 16,560 feet and 16,660 feet below the surface of the earth as shown on the Dual Induction Laterlog for the Norcen Explorer, Inc. -ADRIANE T. MOFFETT ET AL WELL NO. 1 located in Section 22, Township 8 North, Range 12 West at a location 820 feet North of the South line of said Section and 820 feet East of the West line of said Section; and to include all sands correlative of said strata and in communication therewith which are productive of oil.

RULE 1 - SPACING OF OIL WELLS IN THE 16,200' COTTON VALLEY OIL POOL:

Every well drilled as an oil well to the 16,200' Cotton Valley Oil Pool and productive therein:

- (a) Shall be located on a drilling unit consisting of (1) 160 contiguous surface acres with a 5% more or less acreage tolerance; or (2) a governmental quarter section containing not less than 144 acres, or more than 176 acres; or (3) four contiguous governmental quarter-quarter sections whose total acreage is not less than 144 or more than 176 acres, upon which no other drilling or producible well is located;
- (b) Any oil unit formed under Rule 1(a) must be completely encompassed by the perimeter of a rectangle 2,890 feet by 3,620 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 or producible well in the Cotton Valley Oil Pool located in conformity with this rule;
- (d) The well shall be located at least 750 feet from every exterior boundary of the drilling unit; and

RULE 2 - APPLICABILITY OF STATEWIDE RULES:

- A. All rules and regulations contained in Statewide Order No. 201-51, and any 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.

ORDERED AND ADJUDGED, this the 15th day of April, 1992.

MISSISSIPPI STATE OIL AND GAS BOARD

By: Joseph S. Squacero
CHAIRMAN