

FILED FOR RECORD

AUG 31 1999

BEFORE THE STATE OIL AND GAS BOARD OF THE STATE OF MISSISSIPPI

STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR

DOCKET NO. 145-99-747

FINAL ORDER NO. 264-99

ORDER:

- (A) AMENDING THE SPECIAL FIELD RULES TO DEFINE AN ADDITIONAL GAS POOL**
- (B) REFORMING AN OIL UNIT TO A 320 ACRE GAS UNIT**
- (C) APPROVING AN EXCEPTIONAL LOCATION FOR THE WELL ON THE 320 ACRES GAS UNIT**
- (D) FORCE INTEGRATING ALL NON-CONSENTING INTERESTS IN THE GAS UNIT**

**VAN VLEET FIELD
CHICKASAW COUNTY, MISSISSIPPI**

THIS CAUSE this day came on to be heard on the Petition of GIBRALTAR ENERGY COMPANY, the process, the evidence, and the argument of counsel; and upon said hearing, the said Board finds:

1. That due and legal notice of the meeting of this Board for the purpose of considering this docket and this Petition has been given for the time and in the manner provided by law, and that due and proper proofs of said notice are on file with the Board. The Board thus has jurisdiction of the subject matter and the parties involved with full right to hear and determine said cause.

2. Petitioner has recently completed a well that appears to be productive of gas on a 40-acre unit that falls within the present definition of the Van Vleet Field, which unit needs to be reformed to a 320-acre gas unit in order to comply with rules of this Board and statutes of this State. The said well has been completed into a geological formation that has not heretofore been defined by this Board and the said formation needs identification and definition.

3. Petitioner has proposed that additional land be added to that described as the Van Vleet Field so as to accommodate the reformation of the unit from the presently defined oil unit to a 320-acre gas unit. The Board finds that the proposal of the Petitioner is reasonable in that

regard and the following land is added to that defined within the Special Field Rules for the Van Vleet Field:

The Northeast Quarter of Section 29 and
The South Half of the Southeast Quarter of Section 20,
Township 12 South, Range 4 East

4. Petitioner has proposed to define the stratum into which the newly drilled well is now completed as follows:

The Sanders Sand Gas Pool is that formation found between 1,804 feet and 1,814 feet on the electric log of the SCHWALENBERG 29-10 Well located on the Northwest Quarter of the Southeast Quarter, Section 29, Township 12 South, Range 4 East, Chickasaw County, Mississippi.

The Board finds that this is an adequate and complete description that properly identifies the gas pool, and the definition should be built into the field rules for the said Van Vleet Field.

5. The Petitioner has proposed as a reformed drilling unit for the said SCHWALENBERG Well the following:

The North Half of the Southeast Quarter and
The Northeast Quarter of Section 29 and
The South Half of the Southeast Quarter of Section 20,
Township 12 South, Range 4 East

containing 320 acres more or less. The

Board finds that a great portion of the proposed reformed unit appears to be underlain by the Sanders Sand Gas Pool and that the gas resources from the reformed unit may be produced in a legal and orderly manner without avoidable waste and pursuant to the statutes of this State and the rules of this Board. Thus Petitioner's proposed unit should be adopted.

6. The Board finds that the said SCHWALENBERG 29-10 Well is at an exceptional location to the rules of this Board for 320-acre gas units in that it is only 980 feet from the south line of the reformed unit and 640 feet from the west line. The Board finds, however, that the well is so positioned as to produce the gas resources within the unit and that it would be waste, especially economic waste, to not use this available well. Further, it appears that the well will not unduly drain the gas resources from any other gas units that may be formed in the future that

are underlain by the said Sanders Gas Pool; and that it should be approved as an exceptional location without reduced allowable.

7. The Board finds that the Petitioner itself has under lease all of the mineral interests in the proposed reformed drilling unit except possibly 13 net mineral acres belonging to persons whose names and identities are unknown and who appear to be the heirs of the estate(s) of one or more deceased persons whose names and identities are unknown to Petitioner after diligent search and inquiry. These interests should be force integrated into and become a part of the reformed drilling unit here created; and Petitioner should deal with those interests as is provided by Section 53-3-7(1) of the Mississippi Code of 1972 as amended.

IT IS, THEREFORE, ORDERED AND ADJUDGED that:

A. The special field rules for the Van Vleet Field in Chickasaw County, Mississippi, be amended as above adjudged so that said field rules will then be as set out in Exhibit A attached hereto and made a part hereof by reference as though copied herein in full.

B. Henceforth the drilling unit for the Gibraltar Energy Company - SCHWALENBERG 29-10 unit shall be known as:

The North Half of the Southeast Quarter and
The Northeast Quarter of Section 29 and
The South Half of the Southeast Quarter of Section 20,
Township 12 South, Range 4 East

C. Said SCHWALENBERG 29-10 unit may be produced as a gas well without reduced allowable even though it is less than 990 feet from the boundaries of the said drilling unit.

D. All unleased and unidentified mineral interests, if any, found within the said reformed drilling unit are integrated there into and made a part thereof.

ORDERED AND ADJUDGED this the 18th day of August, 1999.

STATE OIL AND GAS BOARD
STATE OF MISSISSIPPI

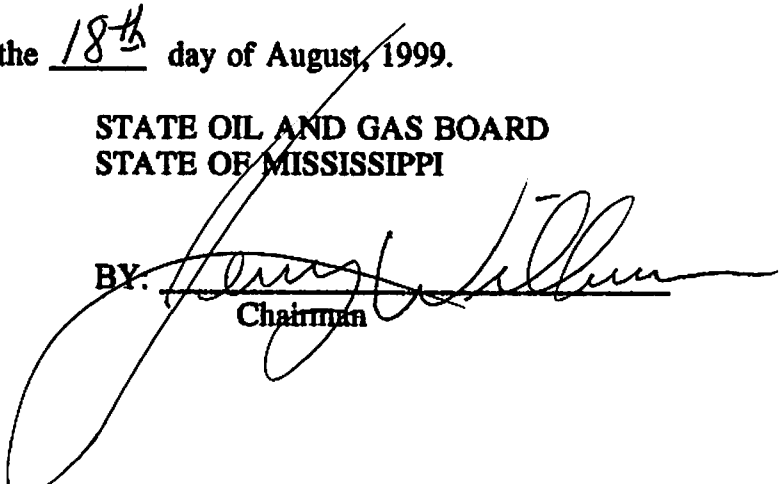
BY: 
Chairman

EXHIBIT "A"

**AMENDED SPECIAL FIELD RULES
FOR THE VAN VLEET FIELD
CHICKASAW COUNTY, MISSISSIPPI**

A. FIELD AREA:

The Van Vleet Field, as used here in, is that geographical area consisting of the following described lands, to wit:

CHICKASAW COUNTY

TOWNSHIP 12 SOUTH, RANGE 4 EAST

Section 20:	South Half of Southeast Quarter
Section 28:	Southwest Quarter
Section 29:	South Half and Northeast Quarter
Section 30:	Southeast Quarter
Section 31:	East Half
Section 32:	Entire
Section 33:	West Half

TOWNSHIP 13 SOUTH, RANGE 4 EAST

Section 4:	Northwest Quarter
Section 5:	North Half
Section 6:	Northeast Quarter

B. POOL DEFINITIONS:

The Sanders Sand Gas Pool in the Van Vleet Field shall be construed to mean:

Those strata between 1,804 feet and 1,814 feet on Electric Log of the Schwalenberg 29-10 Well located in Section 29, Township 12 South, Range 4 East.

The Carter Sand Gas Pool in the Van Vleet Field shall be construed to mean:

Those strata between 1,854 and 1,880 on the Western Atlas Dual Induction Focused Log for the Landcaster 32-7 Well located in Section 32, Township 12 South, Range 4 East.

The Abernathy Sand Gas Pool in the Van Vleet Field shall be construed to mean:

Those strata between 2,229 and 2,237 feet on the Western Atlas Dual Induction Focused Log for the Baube 32-6 Well located in Section 32, Township 12 South, Range 4 East.

The Lewis Sand Gas Pool in the Van Vleet Field shall be construed to mean: Those strata between 2,660 and 2,700 feet on the Western Atlas Dual Induction Focused Log for the Landcaster 32-7 Well located in Section 32, Township 12 South, Range 4 East.

C. RULES:

RULE 1 - SPACING OF GAS WELLS:

As to each well drilled into and productive from any of the gas pools above defined:

- (a) The well shall be located on a drilling unit consisting of 320 contiguous surface acres, or a governmental half section containing not less than 300 acres or more than 340 acres, or 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 produced from the same pool shall be located on any such unit.
- (b) Any drilling unit so formed must be completely encompassed by the perimeter of a rectangle 3,735 feet by 5,380 feet; provided, however, no unit shall be permitted which will create island acreage.
- (c) The well shall be located at least 1,990 feet from every other drilling or producing well located in conformity with this Rule.
- (d) The well shall be located not less than 990 feet from every exterior boundary of the unit.

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 in 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 Special field Rules, or to grant exceptions to all or any part thereof.

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