

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF MOON-HINES-TIGRETT OPERATING CO., INC. TO ESTABLISH SPECIAL FIELD RULES FOR VERBA FIELD LOCATED IN JASPER COUNTY, MISSISSIPPI, AND OBTAIN RELATED RELIEF

FILED FOR RECORD

DEC 28 2010

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 454-2010-D

ORDER NO. 766-2010

ORDER

THIS MATTER came on to be heard at the regular December 2010 meeting of the State Oil and Gas Board on the Petition of **MOON-HINES-TIGRETT OPERATING CO., INC.**, Petitioner, requesting the Board to establish Special Field Rules for Verba Field, and grant 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.

Petitioner has drilled and completed and is the operator of oil wells located in that certain geographical area of Jasper County, Mississippi that is known as Verba Field. Although Verba Field was discovered in 1967, and a number of wells have been drilled in the field, special field rules have never been adopted for the field. The Board should adopt special field rules for Verba Field as herein proposed.

3.

The Special Field Rules for Verba Field should identify and define the geographical area of the field to be comprised of the following described lands and all productive extensions thereof:

In Township 3 North, Range 11 East, Jasper County, Mississippi:

All of Sections 13 and 14.

In Township 3 North, Range 12 East, Jasper County, Mississippi:

All of Sections 18, 19 and 20.

4.

The Special Field Rules should define the following pools:

- (1) The Sligo 9,500' Oil Pool is defined to mean those strata of the Sligo Formation that are productive of oil, gas and other hydrocarbons in the interval between the measured depths of 9,476 feet and 9,506 feet on the electric log of the Moon-Hines-Tigrett Operating, Co., Inc.-Herring 13-16 Well No. 2, which well is located at a surface location that is 907 feet West of the East line and 953 feet North of the South line of Section 13, Township 3 North, Range 11 East, Jasper County, Mississippi, and all strata which are correlative with and in communication with those intervals.
- (2) The Sligo 9,800' Oil Pool is defined to mean those strata of the Sligo Formation that are productive of oil, gas and other hydrocarbons in the interval between the measured depths of 9,778 feet and 9,800 feet on the electric log of the Moon-Hines-Tigrett Operating, Co., Inc.-Herring 13-9 Well No. 1, which well is located at a surface location that is 558 feet West of the East line and 1407 feet North of the South line of Section 13, Township 3 North, Range 11 East, Jasper County, Mississippi, and all strata which are correlative with and in communication with those intervals.

5.

The Board finds that, because of the geology and other reservoir factors and characteristics of each of the said pools, each of the above-defined pools should be developed and produced on "80-acre spacing" as follows:

- (1) Each well shall be located on a drilling unit consisting of eighty (80) contiguous surface acres, or two contiguous governmental quarter-quarter sections containing not less than seventy-two (72) acres or more than eighty-eight (88) acres upon which no other drilling or producible well in the same pool is located. The word "contiguous" as used herein shall be bordering each other at more than one point.
- (2) Each such unit not composed of two (2) governmental quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 1600 feet by 2725 feet. Provided, however, no unit shall be permitted which will create island acreage.
- (3) Each such well shall be located at least 1000 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule, and shall be located at least 500 feet from every exterior boundary line of the drilling unit.
- (4) No portion of the drilling unit upon which a well is located shall be attributed, in whole or in part, to any other drilling or producible well in the same pool.
- (5) The foregoing rules are subject to such exceptions as may be granted by the Board after notice and hearing.

6.

As to any wells located in Verba Field that are not completed into and producing from either the said Sligo 9,500' Oil Pool or the Sligo 9,800' Oil Pool, the spacing for each such well shall be governed by spacing under Rule 2 of the Special Field Rules hereby adopted, except as otherwise provided for by order of the Board after notice and hearing.

7.

Attached hereto as Exhibit "A" is a copy of the proposed Special Field Rules.

8.

The proposed Special Field Rules will allow for the orderly development of the field and the said pools; will result in the establishment of drilling units for the said pools; will allow the said pools to be effectively and efficiently drained and produced; will foster, encourage and promote the drilling of additional wells and the development and production of the said pools; and will prevent waste; and will safeguard, protect and enforce the coequal and correlative rights of the owners in the pools and in the field.

9.

To the extent necessary, the requested relief should be granted as an exception to any otherwise applicable Statewide Rules, rules, regulations and statutes.

IT IS, THEREFORE, ORDERED AND ADJUDGED, that the Petition filed herein is granted; the proposed Special Field Rules for Verba Field are approved and adopted, and Exhibit "A" hereto is a copy of the Special Field Rules as approved and adopted.

Permittee shall acquire all other permits, if any, required by any other permitting authority.

SO ORDERED AND ADJUDGED, this the 28th day of December, 2010.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By:


CHAIRMAN

PREPARED BY:

Glenn Gates Taylor (MBN 7453)
C. Glen Bush (MBN 7589)
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ATTORNEYS FOR PETITIONER

EXHIBIT "A"

**SPECIAL FIELD RULES
FOR VERBA FIELD
JASPER COUNTY, MISSISSIPPI**

FIELD LIMITS

The geographical area of Verba Field is comprised of the following lands:

In Township 3 North, Range 11 East, Jasper County, Mississippi:

All of Sections 13 and 14.

In Township 3 North, Range 12 East, Jasper County, Mississippi:

All of Sections 18, 19 and 20.

POOL DEFINITIONS

1. The Sligo 9,500' Oil Pool is defined to mean those strata of the Sligo Formation that are productive of oil, gas and other hydrocarbons in the interval between the measured depths of 9,476 feet and 9,506 feet on the electric log of the Moon-Hines-Tigrett Operating, Co., Inc.-Herring 13-16 Well No. 2, which well is located at a surface location that is 907 feet West of the East line and 953 feet North of the South line of Section 13, Township 3 North, Range 11 East, Jasper County, Mississippi, and all strata which are correlative with and in communication with those intervals.

2. The Sligo 9,800' Oil Pool is defined to mean those strata of the Sligo Formation that are productive of oil, gas and other hydrocarbons in the interval between the measured depths of 9,778 feet and 9,800 feet on the electric log of the Moon-Hines-Tigrett Operating, Co., Inc.-Herring 13-9 Well No. 1, which well is located at a surface location that is 558 feet West of the East line and 1407 feet North of the South line of Section 13, Township 3 North, Range 11 East, Jasper County, Mississippi, and all strata which are correlative with and in communication with those intervals.

RULE 1: SPACING

A. Spacing for each unit and for the wells that produce from the Sligo 9,500' Oil Pool or the Sligo 9,800' Oil Pool shall be as follows:

- (1) Each well shall be located on a drilling unit consisting of eighty (80) contiguous surface acres, or two contiguous governmental quarter-quarter sections containing not less than seventy-two (72) acres or more than eighty-eight (88) acres upon which no other drilling or producible well in the same pool is located. The word "contiguous" as used herein shall be bordering each other at more than one point.
- (2) Each such unit not composed of two (2) governmental quarter-quarter

sections must be completely encompassed by the perimeter of a rectangle 1600 feet by 2725 feet. Provided, however, no unit shall be permitted which will create island acreage.

- (3) Each such well shall be located at least 1000 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule, and shall be located at least 500 feet from every exterior boundary line of the drilling unit.
- (4) No portion of the drilling unit upon which a well is located shall be attributed, in whole or in part, to any other drilling or producible well in the same pool.
- (5) The foregoing rules are subject to such exceptions as may be granted by the Board after notice and hearing.

B. As to any well located in Verba Field that is not completed into and producing from either the said Sligo 9,500' Oil Pool or the Sligo 9,800' Oil Pool, the spacing for each such well shall continue to be governed by spacing under the applicable Statewide Rules, except as otherwise allowed by order of the Board after notice and hearing.

RULE 2: APPLICABILITY OF STATEWIDE RULES

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 said field.

- End of Special Field Rules -