

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF GULF PINE ENERGY OPERATING, LLC TO AMEND THE SPECIAL FIELD RULES FOR THE S. WILLIAMSBURG FIELD, COVINGTON AND JEFFERSON DAVIS COUNTIES, MISSISSIPPI

FILED FOR RECORD

MAY 1 2017

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 96-2017-D

ORDER NO. 165-2017

ORDER

THIS CAUSE came to be heard on the Petition of Gulf Pine Energy Operating, LLC ("Petitioner") requesting the Board to amende the Special Field Rules for the S. Williamsburg Field in Covington and Jefferson Davis Counties, Mississippi; and

WHEREAS, the Boards 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 April 19, 2017, 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's predecessors and others have drilled numerous wells that produce

from various Pools in the Field. Special Field Rules for the Field, were adopted as last amended, by Order of this Board in Docket No. 87-2006-352, Order No. 234-2006. This Petition relates strictly to semi-annual deliverability tests and Form 4a reports as required by Statewide Rule 34B and Rule 41(a).

2.

Statewide Rule 34B and 41(a) require semi-annual well deliverability tests and Form 4a reports. The Field contains numerous low volume gas producers and taking semi-annual deliverability tests and preparing Form 4a reports for such wells takes considerable time and effort and serves no economic or technical purpose. Petitioner operates many wells in the Field and it is expensive and time consuming to semi-annually test and file the Form 4(a) reports that do not aid conservation or production. Petitioner seeks to amend the Special Field Rules to provide that any wells in the Field that produce less than 300 MCFPD on a quarterly basis be excepted from Rules 34B and 41(a).

3.

Alabama recognizes that such reports are an administrative burden and does not require operators in the Black Warrior Basin to make such tests and reports and allows Special Field Rules that waive the requirements for such tests for low volume wells under 300 MCFPD. The tests and reports should not be required for any well in the Field that makes less than 300 MCFPD on a quarterly basis.

4.

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

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

**SOUTH WILLIAMSBURG FIELD
SPECIAL FIELD RULES
COVINGTON AND JEFFERSON DAVIS COUNTIES, MISSISSIPPI**

A. Field Limits:

The South Williamsburg Field as used herein is defined as that area consisting of:

**Township 7 North, Range 16 West
Covington and Jefferson Davis Counties, Mississippi**

Section 7:	All
Section 8:	All
Section 9:	All
Section 10:	All
Section 15:	All
Section 16:	All
Section 17:	All
Section 18:	All
Section 19:	E ¹ / ₂
Section 20:	All
Section 21:	All
Section 22:	All
Section 23:	All
Section 25:	The W ¹ / ₂ of the W ¹ / ₂
Section 26:	All
Section 27:	All
Section 28:	All
Section 29:	All
Section 33:	All
Section 34:	All

**Township 6 North, Range 16 West
Covington and Jefferson Davis Counties, Mississippi**

Section 3:	All
Section 4:	All

B. Pool Definitions:

1. The Upper Sligo Gas Pool is defined as those strata productive of gas within the interval between 14,453 feet to 14,700 feet as shown in the Dual-Induction Log of the Skelly Oil Company, et al No. 1 Eunice Odum Well located 694 feet from the South line and 2,052 feet from the East line of Section 21, Township 7 North, Range 16 West, Covington County, Mississippi, and all intervals correlative to or

connected with these strata.

2. The Lower Sligo - Upper Hosston Gas Pool is defined at those strata productive of gas within the interval between 14,700 feet to 15,365 feet as shown in the Dual-Induction Log of the Skelly Oil Company, et al No. 1 Eunice Odum Well located 694 feet from the South line and 2,052 feet from the East line of Section 21, Township 7 North, Range 16 West, Covington County, Mississippi, and all intervals correlative to or connected with these strata.

3. The Lower Hosston Gas Pool is defined at those strata productive of gas within the interval between 15,365 feet to 17,664 feet as shown in the Dual-Induction Log of the Skelly Oil Company, et al No. 1 Eunice Odum Well located 694 feet from the South line and 2,052 feet from the East line of Section 21, Township 7 North, Range 16 West, Covington County, Mississippi, and all intervals correlative to or connected with these strata.

C. Rules:

Rule 1 - Spacing of Wells:

1. Every well completed in the Upper Sligo Gas Pool:

a. Shall be located on a drilling unit consisting of 640 contiguous surface acres, or a government section containing not less than 600 acres not more or less than 680 acres, upon which no other drilling or producible well is located;

b. Any gas drilling unit not a governmental section 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. The Well shall be located at least 1,000 feet from every other drilling or producible well completed in the same pool located in conformity with this rule;

d. The Well shall be located not less than 750 feet from every exterior boundary of the unit; and

e. Each 640 acre gas unit may contain up to four (4) producing wells from the Upper Sligo Gas Pool with a full allowable for each increased density well.

2. Every Well completed as a Gas Well in the Lower Sligo - Upper Hosston Gas Pool:

a. Shall be located on a drilling unit consisting of 640 contiguous surface acres, or a government section containing not less than 600 acres not more or less than 680 acres, upon which no other drilling or producible well is located;

b. Any gas drilling unit not a governmental section 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. The Well shall be located at least 1,000 feet from every other drilling or producible well completed in the same pool located in conformity with this rule;

d. The Well shall be located not less than 750 feet from every exterior boundary of the unit; and

e. Each 640 acre gas unit may contain up to four (4) producing wells from the Lower Sligo - Upper Hosston Gas Pool with a full allowable for each increased density well.

Rule 2 – Well Tests

Semi-annual well tests and Form 4(a) reports are not required for wells that produce at rates of 300 MCFPD or less on a quarterly basis. If a well that is exempt from such tests begins to produce at a rate exceeding 300 MCFPD on a quarterly basis, such reports will be required.

Rule 3 - Applicability of Statewide Rules:

1. All rules and regulations contained in Statewide Order No. 201-51 and all amendments thereto, not specifically covered in the foregoing Special Field Rules are hereby adopted and shall apply to said Field.

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

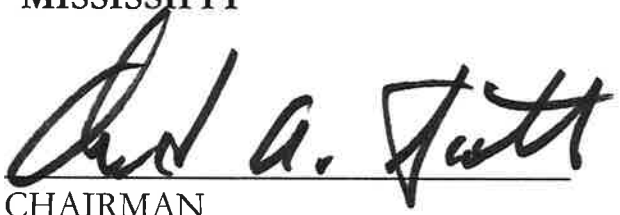
****** End of Special Field Rules ******

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after April 19, 2017.

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 17th day of May, 2017.

STATE OIL AND GAS BOARD OF
MISSISSIPPI


CHAIRMAN

Prepared By:

William F. Blair
BLAIR & BONDURANT, P.A.
Post Office Box 321423
Jackson, MS 39232
(601) 992-4477 - Telephone
bill@bbfirm.com