

THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

APR 2 1983

RE: PETITION OF MARSHALL R. YOUNG
OIL CO. TO AMEND THE SPECIAL
FIELD RULES FOR WAVELAND FIELD,
HANCOCK COUNTY, MISSISSIPPI

STATE OIL AND GAS BOARD
A. Richard Henderson, Supervisor

DOCKET NO. 67-93-224

ORDER NO. 85-93

ORDER

THIS CAUSE came on for hearing this date on the Petition of Marshall R. Young Oil Co., of Fort Worth, Texas, to amend the special field rules for Waveland Field, Hancock County, Mississippi, and based upon the evidence the Board finds the following:

1. Special Field Rules for the Waveland Field were previously adopted by this Board and have been subsequently amended, the last amendment being on August 16, 1979, by Order No. 213-79 in Docket No. 159-7-224. The Special Field Rules, as amended, define the areal extent to which the rules apply and define the Mooringsport Gas Pool, the Washita-Fredericksburg Gas Pool and the Dorward Gas Pool. Marshall R. Young Oil Co. is the owner of oil, gas and mineral leasehold rights in the Waveland Field in Hancock County, Mississippi, and proposes to drill wells to the Jurassic horizons in an effort to establish commercial production in the Cotton Valley and/or Smackover Formations. The objective formations all lie below 12,000 feet. Heretofore, no producing wells have been drilled in this area to test the potentially productive deeper horizons. No Special Field Rules have been adopted pertaining to the Jurassic Formations in the area affected by the Special Field Rules for the Waveland Field.

2. Petitioner plans to drill a test well on lands in Township 8 South, Range 15 West, Hancock County, Mississippi, to test the Cotton Valley and/or Smackover Formation. The well will be drilled to an approximate depth of 24,000 feet to test these and any other formations encountered except those which are currently producing.

3. Petitioner has caused seismic exploration activity to take place in and around the Waveland Field and has made a study of the geologic characteristics of the Jurassic Formations which petitioner proposes to encounter in the drilling of its wells. From this geologic and seismic study and from the productive characteristics of the Cotton Valley and Smackover Formations previously encountered in the State of Mississippi, the Board is of the opinion that the prospect which Petitioner proposes to develop could best be developed on drilling units comprised of approximately 960 acres rather than 640 acres as currently provided by the Statewide Rules. Development of the prospect on units smaller than 640 acres may cause more wells to be drilled than necessary to adequately and properly drain the gas pools expected to be encountered and the drilling of wells on smaller units would create waste. From the currently known characteristics of the Cotton Valley and Smackover Formations expected to be encountered, the Board is of the opinion that one well on a 960 acre unit would effectively and efficiently drain the unit acreage. By authorizing the drilling and development of the prospect on 960 acre units, the Board is of the opinion that unnecessary wells would not be drilled, that the area could be prudently developed and that by drilling on the spacing suggested waste could be prevented. Co-equal and correlative rights would be protected by adopting the proposed spacing pattern for the Jurassic Formations.

4. The Petitioner has requested that the Special Field Rules for the Waveland Field currently in force and effect be amended as proposed on Exhibit "A" to the Petition for the development of the Jurassic Formations. Other productive wells in Waveland Field appear to have been completed in the Mooringsport, Washita-Fredericksburg and Paluxy Formations, but from all information available to the Board, Special Field Rules for the Jurassic Formations were never adopted.

5. Petitioner has requested that the proposed Special Field Rules as set out on the exhibit to the Petition be adopted for a period of twenty-four (24) months or until sixty (60) days after

the drilling and completion of at least two (2) wells in a Cotton Valley Gas Pool or two (2) wells in a Smackover Gas Pool, whichever is the earliest date. By authorizing the temporary Special Field Rules, the Board is of the opinion that the prospect can be adequately and efficiently developed in that as wells are completed, additional information will be available to bring before this Board regarding the size and extent of the gas pools encountered and the drainage characteristics at which time the pools could be defined. By adopting the amended Special Field Rules proposed, the Board is of the opinion that development of the natural resources of the state will be enhanced and the problems encountered in drilling on smaller units and having them revised to larger units will be avoided.

IT IS, THEREFORE, ORDERED that the relief requested by the Petition of Marshall R. Young Oil Co. is granted and the Board adopts the Amended Special Field Rules for the Waveland Field as set out on Exhibit "A" to this Order for a period of twenty-four (24) months, or until sixty (60) days after the drilling and completion of at least two (2) wells in a Cotton Valley Gas Pool or two (2) wells in a Smackover Gas Pool, whichever is the earliest date.

ORDERED this 17th day of March, 1993.

THE STATE OIL AND GAS BOARD OF
MISSISSIPPI

BY: Joseph J. Zuccaro
Chairman

AMENDED SPECIAL FIELD RULES FOR

WAVELAND FIELD

HANCOCK COUNTY, MISSISSIPPI

DESCRIPTION OF FIELD

A. The Waveland Field, as used herein, is that area consisting of the following:

Sections 7, 17, 18, 19, 20 and 30, of Township 7 South, Range 14 West;

Sections 13, 14, 15, 22, 23, 24, 25, 26 and 27, of Township 7 South, Range 15 West;

Sections 31, 32, 33, 34, 35 and 36 of Township 7 South, Range 15 West;

Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28 and 29 of Township 8 South, Range 15 West and also Sections 33, 34, 35 and 36, Township 8 South, Range 15 West;

Sections 1, 2, 3, 4, 9, 10, 11, 12, 13, 14 and 15 of Township 9 South, Range 15 West;

Sections 3, 4, 5, 6, 7, 8, 9, 10, 15, 16, 17 and 18 of Township 9 South, Range 14 West and all the remainder of Township 9 South, Range 14 West lying East of Sections 3 and 10;

Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 18, 19, 21, 22, 28, 29, 30, 31, 32, 33, 34, 35 and 36 of Township 8 South, Range 14 West and also Section 37 or the Elihu Carver Claim 37, Section 38 or the Melitte Lessassier Claim 38, Section 41 or the Peter Dorrogate Claim 41, Section 42 or the John B. Lardasse Claim 42, Section 43 or the Madame Charlo Claim 43, Section 44 or the M. & J. Necaie Claim 44, the Mary Parish Claim, the J. Bouquie Claim, the Gadon Toulme Claim 20, the John Watson Claim 15, the Joseph Favre Claim 31, the E. W. Ripley Claim 24, the Pierre Carco Claim 23, the John J. Jourdan Claim 3, the Noel Jourdan Claim 28, the Noel Jourdan Claim 31, the John J. Jourdan Claim 23, the John B. Lander Claim 13, the John B. Ladner Claim 62, that part of the John B. Ladner Claim 40 lying within Township 8 South, Range 14 West, Hancock County, Mississippi, and all that part of the Bay St. Louis lying within Township 8 South, Range 14 West;

Sections 31, 32, 33, 34, 35 and 36, Township 7 South, Range 14 West and also the Antonio Chebert Claim No. 39 and the Charles Favre Claim No. 41, Township 7 South, Range 14 West, and all that part of the John B. Lander Claim No. 40 and all that part of the J. B. Necaie Claim No. 38 lying within the South 1/6 of Township 7 South, Range 14 West, all in Township 7 South, Range 14 West.

All of the above described lands are situated in Hancock County, Mississippi.



POOLS

B. (1) The Mooringsport Gas Pool as used herein shall be construed to mean those strata of the Mooringsport Formation productive of gas from a subsurface depth of 13,474 feet to 13,594 feet in the Humble Oil & Refining Company Waveland Gas Unit No. 1, Well No. 1, located in the E 1/2 of Section 22, Township 8 South, Range 15 West, Hancock County, Mississippi, and those sands productive of gas and other hydrocarbons correlative therewith.

(2) The Washita-Fredericksburg Gas Pool as used herein shall be construed to mean those strata of the Washita-Fredericksburg Formation productive of gas between a measured depth of 12,066 feet to 12,072 feet, as found in the Enserch Exploration, Inc. - Gex No. 1 Well located 1200 feet from the North line and 1200 feet from East line of Section 33, Township 7 South, Range 15 West, Hancock County, Mississippi, and those sands productive of gas and other hydrocarbons correlative therewith.

(3) The Dorward Gas Pool as used herein shall be construed to mean those strata of the Paluxy Formation productive of gas from a subsurface depth of 12,630 feet down to 12,750 feet in the Tideway Energy Group, Inc. - No. 1 Emma Dorward Well which is located 1500 feet from the South line and 1500 feet from the East line of Section 26, Township 7 South, Range 15 West, Hancock County, Mississippi, and those sands productive of gas or other hydrocarbons correlative therewith.

(4) The Jurassic Gas Pool or Pools shall be construed to mean all pools from the Jurassic and older horizons, including the Cotton Valley and Smackover Formations.

RULE 1 - SPACING OF GAS WELLS:

Spacing of Gas Wells with respect to the Mooringsport Gas Pool, the Washita-Fredericksburg Gas Pool, and the Dorward Gas Pool shall be as follows:

- (a) Shall be located on a drilling unit consisting of (1) 640 contiguous

surface acres; or (2) a governmental section containing not less than 600 acres or more than 680 acres; or (3) sixteen (16) contiguous governmental quarter-quarter sections whose total acreage is not less than 600 acres or more than 680 acres. In any case no other well producing from the same pool shall be located on any such unit.

- (b) Any gas drilling unit formed under Section 1(a) of this rule must be completely encompassed by the perimeter of a rectangle 5580 feet by 6245 feet. Provided, however, no unit shall be permitted which will create island acreage.
- (c) Each gas well must be located at least 2400 feet from every other regularly located drilling or producible gas well in the same pool.
- (d) Each gas well must be located at least 1200 feet from the nearest exterior boundary of the unit on which it is drilled.

RULE 2 - SPACING OF WELLS FOR THE JURASSIC GAS POOL OR POOLS:

Every well completed in gas pools in the jurassic and older horizons, including the Cotton Valley and Smackover Formation, shall be located on a drilling unit as follows:

- (a) (1) 960 contiguous surface acres or;
or (2) a governmental section and an adjoining contiguous governmental

half-section containing not less than 900 acres or more than 1,020 acres; or (3) twenty-four (24) contiguous governmental quarter-quarter sections whose total acreage is not less than 900 acres or more than 1,020 acres. In any case, no other well producing from the same pool shall be located on any such unit.

- (b) Any gas drilling unit formed under Section 1(a) of this rule must be completely encompassed by the perimeter of a rectangle 9240 feet by 5280 feet. Provided, however, no unit shall be permitted which will create island acreage.
- (c) Each gas well must be located at least 2640 feet from every other regularly located drilling or producible gas well in the same pool.
- (d) Each gas well must be located at least 1320 feet from the nearest exterior boundary of the unit on which it is drilled.

RULE 3 - APPLICABILITY OF STATEWIDE RULES:

A. All rules and regulations contained in the Statewide Order No. 201-51, as amended, not specifically covered in the foregoing rules are hereby adopted and shall apply to the Waveland Field.

B. Rules shall expire and be of no force and effect after two (2) years from the date of the Order of the Board, or until sixty (60) days after the drilling and completion of two (2) wells and a pool discovered in the Cotton Valley or Smackover Formation whichever is the earlier date.

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