

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

**RE: PETITION OF CENTURION RESOURCES LLC
REQUESTING ADOPTION OF SPECIAL FIELD
RULES FOR THE X-FILES FIELD, ITAWAMBA
COUNTY, MISSISSIPPI**

MAR - 9 2001

**STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR**

DOCKET NO. 36-2001-852

ORDER NO. 64-2001

ORDER

THIS CAUSE came on for hearing on February 21, 2001, on the Petition of Centurion Resources LLC requesting the Board adopt special field rules for X-Files Field in Itawamba County, Mississippi. Based upon the evidence presented, the Board finds as follows:

1.

All notices required by the statute and rules and regulations of this Board have been timely and properly given, and the Board has jurisdiction of the parties and subject matter.

2.

Petitioner is the operator of the No. 1 Pearson 6-2, the No. 2 Pearson 6-1, the No. 3 Pearson 6-7, the No. 4 Pearson 6-7, the No. 1 Pearson 6-10, the No. 1 Brown 5-4 and the No. 1 Whitfield Realty Wells in X-Files Field. These wells are the only wells which have been drilled in X-Files Field. There are no other currently permitted wells.

3.

No special field rules have been adopted by this Board with respect to X-Files Field.

4.

The productive area of X-Files Field will encompass all of Section 1 in Township 9 South, Range 8 East, Sections 5 and 6 in Township 9 North, Range 9 East, Section 36 in Township 8

South, Range 8 East, and Sections 31 and 32 in Township 8 South, Range 9 East, all in Itawamba County, Mississippi.

5.

The data obtained from the wells listed in paragraph 2 indicate that the Lewis Gas Sand, Evans Gas Sand and the Hartselle Gas Sand within the X-Files Field are very low pressure gas sands that follow meandering channels. These sands are very shallow, lying less than 1,000 feet deep, and they are productive only in very limited volumes because of the low pressure in these formations.

6.

Because of the nature and characteristics of the Lewis Gas Sand, Evans Gas Sand and the Hartselle Gas Sand, and in order to ensure orderly development of the Field, this Board adopts Special Field Rules for X-Files Field to define these sands and to establish special spacing rules for these sands so as to maximize the recovery of gas, gas condensate and gaseous hydrocarbons from the Field.

7.

The adoption of the Special Field Rules for X-Files Field will safeguard, protect and enforce the coequal and correlative rights of the owners of interest in X-Files Field to the extent that each such owner may obtain his just and equitable share of production. Furthermore, the adoption of the Special Field Rules will foster, encourage and promote the full development of the Field, and will promote the conservation of hydrocarbons from the Field by preventing waste.

8.

In order to allow the drilling and completion of sufficient wells in the field to determine the location of the channels of the Lewis Gas Sand, Evans Gas Sand and the Hartselle Gas Sand, and to adequately test the productive limits of the Field and the most efficient spacing of the wells and units, the Special Field Rules should be adopted.

9.

Currently the No. 1 Pearson 6-2 and the No. 4 Pearson 6-7 are the only productive wells in X-Files Field. A completion will be attempted in the Whitfield Realty No. 1 Well. Because of the low volume of production, it is uneconomical to continue development of the Field on a one well per 320 acre unit basis. Development of the Field on the basis of two (2) wells on each 320 acre unit is necessary to make the development of the Field economically justified.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules for X-Files Field are hereby adopted and are attached to this Order as Exhibit "A."

SO ORDERED, this the 10th day of March, 2001.

STATE OIL AND GAS BOARD OF
MISSISSIPPI

BY: Joseph D. Zuccaro

CHAIRMAN

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**SPECIAL FIELD RULES
X-FILES FIELD
ITAWAMBA COUNTY, MISSISSIPPI**

A. FIELD LIMITS

X-Files Field, as used herein, is that area consisting of all of Section 1, Township 9 South, Range 8 East, Sections 5 and 6, Township 9 South, Range 9 East, Section 36, Township 8 South, Range 8 East, and Sections 31 and 32, Township 8 South, Range 9 East, Itawamba County, Mississippi, which is underlain by the Evans Gas Sand and/or the Hartselle Gas Sand, as herein defined and all productive extensions thereof.

B. DEFINITION OF SANDS

1. The **Lewis Gas Sand** of X-Files Field, as used herein, shall be construed to mean and defined, as the strata of the Mississippian Formation productive of gas, gas condensate and gaseous hydrocarbons located in the interval between the electrical log depths (Dual Induction – Gamma Ray) of 1182 feet and 1258 feet as found in the Getty Oil Company No. 1 Omer Pearson 6-10 Well, located 1550 feet from the East line and 1350 feet from the South line of Section 6, Township 9 South, Range 9 East, Itawamba County, Mississippi, and all sands correlative therewith.
2. The **Evans Gas Sand** of X-Files Field, as used herein, shall be construed to mean and defined, as the strata of the Mississippian Formation productive of gas, gas condensate and gaseous hydrocarbons located in the interval between the electrical log depths (Dual Induction – Gamma Ray) of 998 feet and 1095 feet as found in the Getty Oil Company No. 1 Omer Pearson 6-10 Well, located 1550 feet from the East line and 1350 feet from the South line

of Section 6, Township 9 South, Range 9 East, Itawamba County, Mississippi, and all sands correlative therewith.

3. **The Hartselle Gas Sand** of X-Files Field, as used herein, shall be construed to mean and defined, as the strata of the Mississippian Formation productive of gas, gas condensate and gaseous hydrocarbons located in the interval between the electrical log depths (Dual Induction – Gamma Ray) of 944 feet and 956 feet as found in the Getty Oil Company No. 1 Omer Pearson 6-10 Well, located 1550 feet from the East line and 1350 feet from the South line of Section 6, Township 9 South, Range 9 East, Itawamba County, Mississippi, and all sands correlative therewith.

C. **RULES**

RULE 1 – Spacing of Gas Wells

With respect to each of the gas sands defined above, every gas well shall comply with the following spacing rules:

- (a) Each gas well shall be located on a drilling unit consisting of (1) 320 contiguous surface acres; or (2) a governmental half-section containing not less than 300 acres nor more than 340 acres; or (3) eight contiguous governmental quarter-quarter sections whose total acreage is not less than 300 nor more than 340 acres.
- (b) Each 320 acre gas unit may contain up to two (2) producing wells from the Lewis Gas Sand, Evans Gas Sand and/or the Hartselle Gas Sand.

- (c) Any gas drilling unit formed under this rule must be completely encompassed by the perimeter of a rectangle 3735 feet by 5380 feet; provided however, no unit shall be permitted which will create island acreage.
- (d) Each gas well shall be located not less than 330 feet from every exterior boundary of the drilling unit.
- (e) Each gas well shall be located not less than 990 feet from every other well located on another drilling or production unit which is drilling to or producing from the same gas sand and which is located in conformity with this rule.

RULE 2 – Applicability of Statewide Rules

- (a) All statewide rules and regulations, particularly those contained in Statewide Orders No. 201-51 and No. 244-69, and all amendments thereto, that are 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 rules and regulations, or to grant exceptions to all or any part thereof.