

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF LOGAN OIL, L.L.C. FOR AUTHORITY  
TO AMEND THE SPECIAL FIELD RULES FOR NORTH  
YELLOW CREEK FIELD, CLARKE AND WAYNE  
COUNTIES, MISSISSIPPI

SEP 04 2002

STATE OIL AND GAS BOARD  
WALTER BOONE, SUPERVISOR

DOCKET NO. 195-2002-59

ORDER NO. 293-2002

**ORDER**

This day this matter came before the State Oil and Gas Board on the Petition of Logan Oil, L.L.C. to amend the Special Field rules for the North Yellow Creek Field, Clarke and Wayne Counties Mississippi, to authorize the drilling and/or conversion of injection wells for pressure maintenance and secondary recovery purposes as a part of unit operations on the North Yellow Creek Field Unit upon administrative permit with notice but without a hearing, said hearing being called for such purpose; and

The Board finds that due and proper legal notice of hearing of the Petition has been given in the manner and form provided by law and the Rules and Regulations of this Board; that due, legal and sufficient Proofs of Publication 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 the said Board in the Hearing Room of the Mississippi State Oil and Gas Board located at 500 Greymont Avenue, Suite E, Jackson, Mississippi 39202 commencing at 9:30 o'clock, A. M. on August 21, 2002, at which hearing all persons present who desired to be heard on said matter were heard and all testimony and documentary evidence duly considered by those present at said hearing; and

WHEREAS, the Board after considering the evidence submitted in support of said Petition and with an affidavit attached and being fully advised in this matter, is of the opinion that it should grant the request of said Petition and application and finds as follows, to-wit:

I.

The State Oil and Gas Board of Mississippi has previously established Special Field Rules applicable to the fieldwide unit, the North Yellow Creek Field Unit, Clarke and Wayne Counties, Mississippi for the purpose of secondary recovery and pressure maintenance of the "Eutaw Pool". Those Special Field rules were adopted by the Board on July 21, 1971 (Order Number 186-71, Docket Number 141-71-59).

II.

The Board finds that the existing Special Field Rules for North Yellow Creek Field authorize the drilling of injection wells and/or the conversion of existing wells to injection wells as a part of pressure maintenance and secondary recovery within the unitized zone for the Eutaw Formation of North Yellow Creek Field. The Board finds that those Special Field Rules should be amended to provide for injection purposes in existing wells located in the North Yellow Creek Unitized Eutaw Oil Pool which may be converted to injection wells, or wells may be drilled on said fieldwide unit for such purpose. The Board finds that any such wells drilled as injection wells or converted to injection wells by the operator on the fieldwide unit as a part of pressure maintenance and/or secondary recovery operations may be approved by the Mississippi State Oil and Gas Board on administrative permit, with notice but without a hearing, upon the operator filing with the Board a duly executed FORM 2, the required permit fee for each such well, and all evidence and information required under Statewide Rule 63. The Board finds that any such injection well in the fieldwide Eutaw Unit as part of pressure maintenance and /or secondary recovery may be converted to a producing oil well and approved by the Mississippi State Oil and Gas Board on administrative permit, without notice and a hearing, upon the operator filing with the Board a duly executed FORM 2, and the required permit fee for each such well.

### III.

The Board finds that the Special Field Rules for the North Yellow Creek Field Eutaw Unit be amended by adding thereto a new RULE 5 to read as follows:

**RULE 5. SECONDARY RRECOVERY AND PRESSURE MAINTENANCE OPERATIONS.**

The Operator of the North Yellow Creek Field Unit is authorized to conduct and carry out secondary recovery, pressure maintenance, repressuring operations, cycling operations, water flooding operations, and the injection of extraneous substances in the North Yellow Creek Eutaw Unitized Oil Pool Unit, and any combination thereof, or any other form of joint effort calculated to substantially increase the ultimate recovery of oil or gas, or both, from the fieldwide unit as is authorized by the Plan of Unitization placed into effect by the Mississippi State Oil and Gas Board. The operator may use for injection purposes existing wells located in said North Yellow Creek Eutaw Unitized Oil Pool Unit which may be converted to injection wells or wells may be drilled on said fieldwide unit for such purposes. Any such wells drilled as injection wells or converted to injection wells by the operator on the fieldwide unit as a part of pressure maintenance and/or secondary recovery operations may be approved by the Mississippi State Oil and Gas board on administrative permit, with notice but without a hearing, upon the operator filing with the Board a duly executed FORM 2, the required permit fee for each such well, and all evidence and information required under Statewide Rule 63. Any such wells utilized as injection wells by the operator on the fieldwide unit as a part of pressure maintenance and/or secondary recovery operations may converted to a producing oil well and be approved by the Mississippi State Oil and Board on administrative permit, without notice or a hearing, upon the operator filing with the Board a duly executed FORM 2 and the required permit fee for each such well.

### IV.

The Board finds that the amendment of the Special Field rules to authorize the administrative approval, with notice and without a hearing , of injection wells utilized for pressure maintenance and secondary recovery purposes on the North Yellow Creek Eutaw Unit, all as more fully set forth on the attached Exhibit "A", will promote conservation, will prevent waste, will avoid the drilling of unnecessary wells, and will protect the co-equal and correlative rights of all parties in interest, In addition, the Board finds that the approval of the proposed amendments to the Special Field Rules will promote the enhanced recovery of additional oil and other hydrocarbon reserves from the unitized Eutaw zone of the North Yellow Creek Field Unit.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the amended Special Field rules for the North Yellow Creek Field, Clarke and Wayne Counties, Mississippi are

hereby adopted and approved in the form more fully set forth on the attached Exhibit "A" which is incorporated herein by reference and made a part hereof for all purposes.

IT IS FURTHER ORDERED AND ADJUDGED that Logan Oil, L.L.C., shall acquire all other permits, if any, which may be required by any other permitting authority.

ORDERED AND ADJUDGED this the 4<sup>th</sup> day of <sup>SEPTEMBER</sup> ~~August~~, 2002.

MISSISSIPPI STATE OIL AND GAS BOARD

BY: Camell v. Hood  
Chairman

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EXHIBIT "A"

SPECIAL FIELD RULES FOR EUTAW FORMATION  
NORTH YELLOW CREEK FIELD  
CLARKE AND WAYNE COUNTIES, MISSISSIPPI

The North Yellow Creek Field as used herein is comprised of that area, hereinafter sometimes referred to as "Unit Area", which is described as:

In Township 10 North, Range 8 West

West Half of Southeast Quarter and Southeast Quarter of Southeast Quarter of Section 12; and all of the East Half of Northeast Quarter of Section 13 lying north of the Clarke and Wayne County line, all in Clarke County, Mississippi; and

All of the East Half of Northeast Quarter of Section 13 lying south of the Clarke and Wayne County line, Wayne County, Mississippi; and

In Township 10 North, Range 7 West

All of the West Half of Northwest Quarter of Section 18 lying north of the Clarke and Wayne County line, Clarke County, Mississippi; and

All of the West Half of Northwest Quarter of Section 18 lying south of the Clarke and Wayne County line, Wayne County, Mississippi; and

Southwest Quarter of Section 18; North Half of Northwest Quarter and Southwest Quarter of Northeast Quarter and Southeast Quarter of Northwest Quarter and Northeast Quarter of Southwest Quarter of Section 19, all in Wayne County, Mississippi, together with

and including all productive extensions thereof underlain by the Eutaw Pool.

1. The Eutaw Pool as used herein shall be construed to mean those strata of the Eutaw Formation underlying the North Yellow Creek Field which are productive of oil and gas from the electrical log depths of 4,730 feet to 4,760 feet as encountered in the Daws-Stanley-Lyle Cashion Company, Eddie G. Creagh Well No. 1, located in the NE 1/4 of SW 1/4 of Section 19, Township 10 North, Range 7 West, Wayne County, Mississippi, and all horizons which can be correlated therewith.

2. The North Yellow Creek Field Unit has been created by voluntary agreement for the purpose of bringing about the development and operation of the Eutaw Pool as a unit in order to establish and carry out a plan for pressure

maintenance and secondary recovery operations. It is proper and necessary for the promotion of conservation to consider and treat the Unit Area in the Eutaw Pool as a single drilling and producing unit as to all of the tracts contained therein, subject only to such limitations as may be required in order to protect the co-equal and correlative rights of all owners in those tracts who have not voluntarily consented to join in the North Yellow Creek Field Unit. The rules hereinafter provided for the Eutaw Pool of the North Yellow Creek Field will enable said pool to be efficiently developed and operated, and the recoverable oil and gas therein contained to be recovered with full protection of the co-equal and correlative rights of all parties and without unavoidable waste.

RULE 1 - SPACING OF OIL WELLS

A. (1) The North Yellow Creek Field Unit, as defined and described in the Unitization Agreement and Unit Operating Agreement for said field, is hereby established as a single fieldwide drilling and producing unit for the Eutaw Pool and for each and all of the oil wells heretofore drilled and completed, and which may hereafter be drilled and completed in said pool on the Unit Area; however, such fieldwide unit shall not include all or any portion of any individual drilling unit as such term is defined in sub-section (2) hereof, nor shall it include the net acreage therein, which is attributable to any operating or royalty interest which has not been made subject to the North Yellow Creek Field Unitization Agreement.

(2) When used in these Rules the words "individual drilling unit" shall mean a drilling unit now existing in the Unit Area, or hereafter created in accordance with the Statewide Rules of this Board, wherein the ownership of any operating or royalty interest has not been made subject to the Unitization Agreement creating the North Yellow Creek Field Unit. The words "fieldwide unit" shall mean the entire portion of the North Yellow Creek Field Unit Area which is underlain by the Eutaw Pool as herein defined, exclusive of that portion thereof included in any individual drilling unit, and also exclusive of the net acreage in such individual drilling unit, which is attributable to any operating or royalty interest not subject to said Unitization Agreement.

(3) Each oil drilling unit heretofore established in the Unit Area, or which may be hereafter established therein under the provisions of the Statewide Rules of this Board with respect to which any ownership of an operating or royalty interest has not been committed to the Unitization Agreement creating the North Yellow Creek Field Unit, shall maintain its status as an individual drilling and producing unit as to such uncommitted operating or royalty interest. The location of wells upon such drilling unit shall be governed by the applicable Statewide Rules promulgated by this Board.

B. Each oil drilling unit heretofore or hereafter established in the Unit Area under the provisions of the Statewide Rules of this Board, or the North Yellow Creek Field Rules, for the production of oil from the Eutaw Pool, shall be construed as producing from the above described North Yellow Creek Field Unit.

C. The location of wells upon the Unit Area and the rates of production therefrom shall be governed by standards of geology and petroleum engineering which are designed to bring about the greatest ultimate recovery of the hydrocarbons contained in the Eutaw Pool. However, no well in the North Yellow Creek Field Unit may be drilled nearer than 330 feet from any exterior boundary of the fieldwide unit except upon permit issued by this Board after notice and hearing.

## RULE 2 - ALLOCATION OF PRODUCTION

A. The maximum efficient daily rate of production of the Eutaw Pool shall be determined and fixed by the Board after notice and hearing, and the same shall constitute said pool's daily allowable. Until the Board establishes the daily allowable for said pool, the allowables for all wells in the Unit Area shall continue to be governed by North Yellow Creek Field Allowable Order No. 167-58 of this Board, dated October 15, 1958.

B. The daily allowable for the Eutaw Pool shall be allocated as follows: To each individual drilling unit there shall be allocated that proportionate part of said pool's daily allowable that the surface acreage content of such individual drilling unit bears to the total surface acreage contained within all such individual drilling units plus the total surface acreage contained within the fieldwide unit. The remainder of the daily allowable shall be allocated to the fieldwide unit.

C. Any drilling unit which is not capable of producing, without committing waste, the allowable assigned to it under Rule 2 (B) shall be considered a deficient unit. The difference between the allowable assigned to a deficient unit and that which it is capable of producing, without waste, shall be distributed to the non-deficient individual drilling units and the fieldwide unit on the surface acreage basis of apportionment prescribed in said Rule 2 (B).

C. The daily allowable production for the fieldwide unit may be produced by any well or wells located on the Unit Area provided, however, that no well shall be operated in such a manner as to cause waste as defined by the Laws of the State of Mississippi.

RULE 3 - SECONDARY RECOVERY AND PRESSURE MAINTENANCE AUTHORIZED

A. The Operator of the North Yellow Creek Field Unit is hereby authorized to conduct secondary recovery and pressure maintenance operations in the Eutaw Pool of said field by the injection of water, gas or other substances into the following named existing wells located on the Unit Area, to-wit:

- (1) Mobil Oil Co., G. S. Stanley "B", S.W.D.W. #1, SE/4 SW/4, Section 18, Township 10 North, Range 7 West, Wayne County, Mississippi (N.Y.C.F.U. Tract 18-14); and
- (2) Lyle Cashion Co., Creagh-Reynolds Unit, Well #1, NE/4 NW/4, Section 19, Township 10 North, Range 7 West, Wayne County, Mississippi (N.Y.C.F.U. Tract 19-3); and
- (3) A & N Producing Services, Inc., J. F. Reynolds Well #1, NW /4 NW/4, Section 19, Township 10 North, Range 7 West, Wayne County, Mississippi (N.Y.C.F.U. Tract 19-4).

A permit for the recompletion of each of said wells will be issued by the Board upon the filing of Form 2 with the information required by Statewide Rule 45.

B. The conversion of the above three wells to injection wells shall not affect the fieldwide daily allowable provided for in Rule 2 above.

C. As pressure maintenance operations progress, the Unit Operator may use for injection purposes additional wells, either converted producing wells and/or wells drilled for such use. However, prior to the use of such additional wells for injection purposes, the Unit Operator must secure the approval of the Oil and Gas Board in accordance with the applicable rules and regulations of the Board pertaining to injection wells.



#### RULE 4- APPLICABILITY OF STATEWIDE RULES

A. All Statewide Rules and Regulations of this Board, and any amendments thereto, which are not specifically covered in the foregoing Special Field rules are hereby adopted and shall apply to the North Yellow Creek Field Unit.

B. These Special Field Rules shall become effective as of the effective date of unitization,, as that term is defined in the Unitization Agreement and the Unit Operating Agreement, North Yellow Creek Field, Eutaw Formation, Clarke and Wayne Counties, Mississippi.

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

#### RULE 5-SECONDARY RECOVERY AND PRRESSURE MAINTENANCE OPERATIONS

The Operator of the North Yellow Creek Field Unit is authorized to conduct and carry out secondary recovery, pressure maintenance, repressuring operations, cycling operations, water flooding operations, and the injection of extraneous substances in the North Yellow Creek Eutaw Unitized Oil Pool Unit, and any combination thereof, or any other form of joint effort calculated to substantially increase the ultimate recovery of oil or gas, or both, from the fieldwide unit as is authorized by the Plan of Unitization placed into effect by the Mississippi State Oil and Gas Board. The operator may use for injection purposes existing wells located in said North Yellow Creek Eutaw Unitized Oil Pool Unit which may be converted to injections wells or wells may be drilled on said fieldwide unit for such purposes. Any such wells drilled as injection wells or converted to injection wells by the operator on the fieldwide unit as a part of pressure maintenance and/or secondary recovery operations may be approved by the Mississippi State Oil and Gas Board on administrative permit, with notice but without a hearing , upon the operator filing with the Board a duly executed FORM 2, the required permit fee for each such well, and all evidence and information required under Statewide rule 63. Any such wells utilized as injection wells by the operator on the fieldwide unit as a part of pressure maintenance and /or secondary recovery operations may be converted to a producing oil well and be approved by the Mississippi State Oil and Gas Board on administrative permit, without notice or a hearing, upon the operator filing with the Board a duly

executed FORM 2 and the required permit fee for each such well.

END OF SPECIAL FIELD RULES