

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF WILLIAM S. SMITH, JR.
OIL COMPANY, INC. TO AMEND THE
SPECIAL FIELD RULES FOR THE ANSLEY
FIELD, HANCOCK COUNTY, MISSISSIPPI

FILED FOR RECORD

MAR 3 1993

STATE OIL AND GAS BOARD
OF MISSISSIPPI

DOCKET NO. 29-93-91

ORDER NO. 43-93

ORDER

This day this matter came on for hearing before the State Oil and Gas Board of Mississippi on the Petition of William S. Smith, Jr. Oil Company, Inc. to amend the Special Field Rules for the Ansley Field, Hancock County, Mississippi, to define the Cuevas Oil Pool; to prescribe rules governing the spacing of wells and the formation and establishment of drilling units within said pool; and for related purposes; said hearing being called for such purpose; and

The Board finding 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 and way 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, commencing at 9:30 o'clock, A. M. on February 17, 1993, 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, having considered the Petition and the evidence, and being fully advised in the premises, is of the opinion and finds that the relief requested by the Petitioner should be and the same is hereby granted. The Board further finds and determines as follows:

1.

The State Oil and Gas Board of Mississippi has previously adopted and established Special Field Rules for the Ansley Field, Hancock County, Mississippi. Those Special Field Rules were last amended by this Board on February 18, 1982 (Order No. 52-82, Docket No. 23-82-91). Those Special Field Rules define the geographic limits of the Ansley Field and further define the Cuevas Gas Pool and the Tuscaloosa Gas Pool within the field and prescribe rules governing the spacing of wells and the formation and establishment of drilling and production units applicable to such pools. The Cuevas Oil Pool is not presently defined in those Special Field Rules.

2.

The Board finds that the Petitioner is the present owner and operator of the International Paper Company No. 1 Well located in the Ansley Field. The International Paper Company No. 1 Well is located 660.0 feet from the West line and 460.0 feet from the South line of the SW 1/4 of Section 19, Township 9 South, Range 15 West, Hancock County, Mississippi. Said well was previously completed in the Cuevas Gas Pool through production perforations at a depth of 10,830 feet to 10,840 feet from the surface in said well. The said well produced from the Cuevas Gas Pool commencing on or about October 7, 1985.

3.

The Board finds that the Petitioner is also the present owner and operator of the Cuevas No. 1 Well located in the Ansley Field. The Cuevas No. 1 Well is located 2000.0 feet from the North line and 1100.0 feet from the East line of Section 30, Township 9 South,

Range 15 West, Hancock County, Mississippi. Said well was previously completed in the Cuevas Gas Pool through production perforations at a depth of 10,840 feet to 10,854 feet from the surface in said well. The said well produced from the Cuevas Gas Pool commencing on or about March 30, 1985.

4.

The Board finds that neither the International Paper Company No. 1 Well nor the Cuevas No. 1 Well is any longer commercially producible as a gas well. Both wells are presently producing hydrocarbons which are considered as oil and not condensate from a producing interval which is currently defined as the Cuevas Gas Pool under the Special Field Rules for the Ansley Field. The oil presently being produced from said wells has an estimated API specific gravity of approximately 31.0° API.

5.

The Board finds that the current oil-producing interval in both the International Paper Company No. 1 Well and the Cuevas No. 1 Well should be defined as the Cuevas Oil Pool. The Board finds that the current oil-producing interval in said wells is a separate and distinct underground reservoir or accumulation of oil and other hydrocarbons. The Board further finds that said reservoir or pool is not in communication with any other accumulations of oil, gas and/or other hydrocarbons within the Ansley Field. Furthermore, the Cuevas Oil Pool is not presently defined in the Special Field Rules for the Ansley Field.

6.

The Board finds that the Special Field Rules should be amended to define the Cuevas Oil Pool within the Ansley Field as follows:

The Cuevas Oil Pool, as used herein, shall be construed to mean those strata of the Washita-Fredericksburg Formation underlying said field productive of oil from the depth of 10,838 feet to 10,852 feet as shown on the electric log of the Marshall R. Young - No. 1 Cuevas Heirs Well located in the Southwest Quarter of Northeast Quarter (SW 1/4 of NE 1/4) of Section 30, Township 9 South, Range 15 West, Hancock County, Mississippi, and all correlative intervals in communication therewith.

7.

The Board further finds that the presently known characteristics of the Cuevas Oil Pool within the Ansley Field indicate that the efficient and adequate draining and production of oil and other hydrocarbons from said pool will be facilitated if said wells are located on drilling units consisting of forty (40) contiguous surface acres, or governmental quarter-quarter sections containing not less than thirty-six (36) acres or more than forty-four (44) acres, upon which no other drilling or producible well is located. The Board further finds that the efficient and adequate draining and production of said pool will be facilitated if drilling units for said wells not consisting of governmental quarter-quarter sections by completely encompassed by the perimeter of a rectangle 1810 feet by 1445 feet; that such wells be located at least 660 feet from every other drilling or producible well located in conformity with such rules; and that such wells be located at least 330 feet from every exterior drilling unit boundary.

8.

The Board finds that the adoption of the proposed pool definition for the Cuevas Oil Pool as hereinabove set forth, and the proposed spacing rules, will facilitate the efficient and adequate draining and production of oil and other hydrocarbons from said pool and will insure that the maximum reasonably recoverable oil in such area is produced without waste.

9.

The Board finds that the amendment of the Special Field Rules for the Ansley Field to define the Cuevas Oil Pool, and to prescribe rules governing the spacing of wells drilled and completed in said pool, all as hereinafter more particularly set forth on the attached Exhibit "A," will promote conservation, will prevent waste, will avoid the drilling of unnecessary wells, and will fully protect the co-equal and correlative rights of all parties in interest. In addition, the Board finds that the

amendment of the Special Field Rules as proposed will result in the recovery of more oil, gas and other hydrocarbons from the field.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the amended Special Field Rules for the Ansley Field, Hancock County, 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 William S. Smith, Jr. Oil Company, Inc. shall acquire all other permits, if any, required by any other permitting authority.

ORDERED AND ADJUDGED this the 17th day of February, 1993.

MISSISSIPPI STATE OIL AND GAS BOARD

By: Joseph S. Juccaro
CHAIRMAN

EXHIBIT "A"

**SPECIAL FIELD RULES FOR
ANSLEY FIELD, HANCOCK COUNTY, MISSISSIPPI**

A. The Ansley Field, as used herein, shall be construed to mean that area in Sections 19, 20, 29 and 30, Township 9 South, Range 15 West; and Sections 24 and 25, Township 9 South, Range 16 West, Hancock County, Mississippi, as found to be underlain by the Cuevas Gas Pool, the Tuscaloosa Gas Pool and the Cuevas Oil Pool, as defined herein, and all productive extensions thereof.

B. The Cuevas Gas Pool, as used herein, shall be construed to mean those strata of the Washita-Fredericksburg Formation underlying said field productive of gas from the depth of 10,838 feet to 10,852 feet as shown in the electric log of the Marshall R. Young - No. 1 Cuevas Heirs Well located in the Southwest Quarter of Northeast Quarter (SW 1/4 of NE 1/4) of Section 30, Township 9 North, Range 15 West, Hancock County, Mississippi, and all correlative intervals in communication therewith.

C. The Tuscaloosa Gas Pool, as used herein, shall be construed to mean those strata of the Tuscaloosa Formation underlying said field productive of gas from the depth of 9,493 feet to 9,538 feet as shown in the electric log of the South Louisiana Production Company - International Paper Company No. 1 Well located in the SW 1/4 of SW 1/4 of Section 19, Township 9 South, Range 15 West, Hancock County, Mississippi, and all correlative intervals in communication therewith.

D. The Cuevas Oil Pool, as used herein, shall be construed to mean those strata of the Washita-Fredericksburg Formation underlying said field productive of oil from the depth of 10,838 feet to 10,852 feet as shown in the electric log of the Marshall R. Young - No. 1 Cuevas Heirs Well located in the Southwest Quarter of Northeast Quarter (SW 1/4 of NE 1/4) of Section 30, Township 9 North, Range 15 West, Hancock County, Mississippi, and all correlative intervals in communication therewith.

RULE 1. SPACING

(a) With respect to the Cuevas Gas Pool and the Tuscaloosa Gas Pool, every gas well:

(1) Shall be located on a drilling unit consisting of 320 contiguous surface acres, or a governmental half section containing not less than 300 acres or more than 340 acres, or eight (8) contiguous governmental quarter-quarter sections whose total acreage is not less than 300 acres or more than 340 acres. In any case, no other well produced from the same pool shall utilize the same unit;

(2) Any gas drilling unit not following governmental survey lines must be completely encompassed by the perimeter of a rectangle 3,735 feet by 5,380 feet. Provided, however, no unit shall be permitted which shall create island acreage;

(3) Every well drilled on a gas unit shall be not less than 660 feet from every exterior unit boundary of the drilling unit and shall be located at least 1,320 feet from every drilling well or well completed in or producing from the same pool located in conformity with this rule.

(b) With respect to the Cuevas Oil Pool, every oil well:

(1) Shall be located on a drilling unit consisting of 40 contiguous surface acres, or a governmental quarter-quarter section containing not less than thirty-six (36) acres or more than forty-four (44) acres, upon which no other drilling or producible well is located;

(2) Any oil drilling unit not a governmental quarter-quarter section must be completely encompassed by the perimeter of a rectangle 1810 feet by 1445 feet. Provided, however, no unit shall be permitted which will create island acreage;

(3) Every well drilled on an oil unit shall not be less than 330 feet from every exterior unit boundary of the drilling unit and shall be located at least 660 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule.

(c) 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.

RULE 2. PRODUCTION ALLOWED

Wells may be produced from the Cuevas Gas Pool, the Tuscaloosa Gas Pool and the Cuevas Oil Pool in the Ansley Field.

RULE 3. APPLICABILITY OF STATEWIDE RULES

All rules and regulations contained in Statewide Order No. 205-51, and any amendments thereto, not specifically covered in the foregoing Special Field Rules, are hereby adopted and shall apply to this field.

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