

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF BULLDOG OPERATING COMPANY, LLC TO AMEND SPECIAL FIELD RULES FOR BENTONIA FIELD IN YAZOO AND MADISON COUNTIES, MISSISSIPPI, TO DEFINE THE PALUXY OIL POOL; AND OBTAIN RELATED RELIEF

FILED FOR RECORD

OCT 09 2012

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO.: 401-2012-D

ORDER NO.: 713-2012

EMERGENCY ORDER

THIS CAUSE, came to be heard on the Emergency Petition of Bulldog Operating Company, LLC for authority to Amend Special Field Rules for Bentonia Field, Yazoo and Madison Counties, Mississippi, and to grant related relief; and

WHEREAS, the Board finds that although 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 not given in the manner required by the Rules and Regulations of the Board, the Board has full jurisdiction of the subject matter to hear and determine same solely as an emergency matter; and

WHEREAS, a public hearing on an emergency basis was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on September 19, 2012, at 10:00 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:

I.

Petitioner is the current operator of the Farmer 3-15 No. 10 Well on a unit comprised of the following described lands in the Bentonia Field, to-wit:

Commencing at the Southeast corner of Section 3, Township 9 North, Range 1 West, run thence Westerly along the South line of said Section 3 for 1417.2 feet, more or less, to a point, said point hereinafter referred to as the Point of Beginning:

Thence South 00°34' West for 335.0 feet, more or less; thence Westerly and parallel to the North line of Section 10 for 1290.8 feet, more or less; thence North 00°46' West for 339.0 feet, more or less, to the North Line of said Section 10; thence North 00°34' East for 2336.2 feet, more or less; thence South 88°29' East for 1298.1 feet, more or less; thence South 00°34' West for 2362.4 feet, more or less, to the Point of Beginning.

The above described tract of land is situated in Lots 6 and 7 of Section 3 and Lots 1 and 2 of Section 10, Township 9 North, Range 1 West, Yazoo & Madison Counties, Mississippi and contains 80.0 acres.

II.

The Special Field Rules for the Bentonia Field were last adopted and amended in Docket 60-2008-164, pursuant to Order No. 102-2008, entered February 28, 2008. This particular Order defined eight separate oil pools, namely, the Lower Tuscaloosa Oil Pool, the Washita-Fredericksburg Oil Pool, the Upper Hosston Oil Pool, the Lower Hosston Oil Pool, the Upper Tuscaloosa Oil Pool, the Rodessa Oil Pool the 7500 Foot Washita-Fredericksburg Oil Pool and the Mooringsport Oil Pool; and authorized an 80-acre spacing pattern at Rule 3(A) for all eight oil pools.

III.

The discovery Well within the Bentonia Field was drilled and completed on December 28, 1960. The Bentonia Field has been an active producing oil field in the State of Mississippi for a period of approximately 54 years. During the approximate half century, the accumulative production of oil and other hydrocarbons from the Bentonia Field has been substantial, in most cases utilizing primary production methods exclusively. However, during the past ten or more years production has declined, prompting amendments of the special field rules to authorize up to three (3) increased density wells producing from the same oil pool in each oil each 80-acre oil drilling. Beginning with the last amendment, effective February 20, 2008, the Board amended the rules to authorize directional or horizontal drilling by administrative permit, subject to certain restrictions.

IV.

Pursuant to Permit 2013-WOP-0005, issued July 32, 2012, Bulldog Operating Company, LLC drilled its Farmer 3-15 No. 10 Oil Well at a location 3099 feet East of the West line and 622 feet North of the South line of Section 3, Township 9 North, Range 1 West, to test and produce the Upper and Lower Hosston Oil Pools on 80-acre spacing as authorized by the Special Field Rules. The Well was spudded on July 14, 2012, reached total depth 11,000 feet on July 30, 2012. Testing of the projected formations proved unsuccessful. However, potential reserves were found in an undefined Paluxy oil pool at an interval between 7734 feet to 8880 feet. Inasmuch as the said depth under the Stateside Rules would authorize only a 40 acre unit, Petitioner cannot produce said well without either (i) reforming the unit, (ii) seeking a one-time exception to the statewide rules

or (iii) amending the Special Field Rules to be consistent with all other oil pools in the Field.

V.

The Special Field Rules for the Bentonia Field do not presently define the Paluxy, which Petitioner believes would be best defined as follows:

The Paluxy Oil Pool shall be construed to mean those strata productive of oil in the interval between 7734 feet to 8880 feet as shown in the Array-Induction log of the Bulldog Operating Company, LLC – Farmer 3-15 No. 10 Well located 3099 feet East of the West line and 622 feet North of the South line of Section 3, Township 9 North, Range 1 West, Yazoo County, Mississippi and all intervals correlative to or connected with these strata.

Petitioner believes that the Special Field Rules should be amended to add as Paragraph 2.1 the above definition of the Paluxy Oil Pool:

VI.

The Paluxy Oil Pool as defined above is a separate and distinct pool from the 7500 foot Washita-Fredericksburg Oil Pool, the formation above, and the Mooringsport Oil Pool below. From all available information, Petitioner is of the opinion that the current 80 acre spacing pattern and increased density authority is appropriate for the Paluxy Pool as well and will efficiently drain said oil pool and protect the coequal and correlative rights of the owners in the proposed pool.

VII.

Petitioner is the only operator in the Bentonia Field and there are no other operators on adjoining units nor other wells currently producing or operating from the Paluxy Oil Pool. Therefore, no notice is required under Rule 4(B)(6) of the Rules of the Board.

VIII.

The requested relief will prevent waste, will safeguard, protect and enforce the coequal and correlative rights of the owners in the various pools in the Bentonia Field.

IT IS THEREFORE, ORDERED AND ADJUDGED that the Petitioner is granted emergency authority to produce the aforementioned Well on the present 80 acre spacing as if the Special Field Rules for the Bentonia Field were amended as set forth in Exhibit "A" to the Petition; and such emergency order shall be in effect for a period not to exceed 45 days and is subject to final hearing on the Petition.

IT IS FURTHER ORDERED AND ADJUDGED that the matter be heard for final order at the October, 2012 meeting of the Board, to be held on October 17, 2012, at which

time the Board will consider the request of Petitioner to amendment to the Special Field Rules as provided herein.

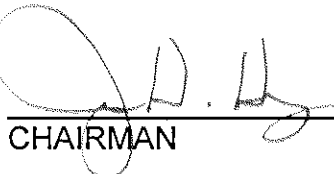
IT IS FURTHER ORDERED AND ADJUDGED that Petitioner shall acquire any other permits, if any, required by any other permitting authority.

PETITIONER PRAYS for such other and further relief as it may be entitled to.

THIS, the 5th day of October, 2012.

STATE OIL AND GAS BOARD OF MISSISSIPPI

BY:



CHAIRMAN

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