

OCT 29 2012

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

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

DOCKET NO.: 401-2012-D

ORDER NO.: 133-2012FINAL ORDER

THIS CAUSE, came on to be heard for final order on the petition of Bulldog Operating Company, LLC, Petitioner, 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 due, proper and legal notice of the meeting of the Board for the purpose of considering and taking action with respect to such matter has now been 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 was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on October 17, 2012, at 10:00 a.m. o'clock 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:

1.

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.

2.

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.

3.

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.

4.

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. Contrary to that stated in the original petition filed herein, the Board is now advised that the tests revealed potential reserves in both the Upper and Lower Hosston Oil Pools. However, potential reserves were also found in an undefined Paluxy oil pool at an interval between 7734 feet to 8880 feet, and the decision was made by Petitioner to complete the Well in said zone. 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.

5.

The Special Field Rules for the Bentonia Field do not presently define the Paluxy, which 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.

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

6.

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, 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.

7.

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 was required under Rule 4(B)(6) of the Rules of the Board.

Amendment of the Special Field Rules as requested by Petitioner will promote conservation, protect the coequal and correlative rights of all owners and interests, avoid the drilling of unnecessary wells, and permit oil and gas to be produced which would not otherwise be recoverable.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Rules for the Bolton Field are hereby amended as set forth in Exhibit "A" attached hereto and incorporated herein by reference.

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

ORDERED AND ADJUDGED this 26th day of October, 2012.

STATE OIL AND GAS BOARD OF MISSISSIPPI

BY: 

CHAIRMAN

Prepared by:

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EXHIBIT "A"

**SPECIAL FIELD RULES FOR THE BENTONIA FIELD
YAZOO AND MADISON COUNTIES, MISSISSIPPI**

1. FIELD AREA

The Bentonia Field, as used herein, is that area consisting of Sections 33 and 34, Township 10 North, Range 1 West, Yazoo County, Mississippi; and Section 4, Township 9 North, Range 1 West, Yazoo County, Mississippi; and that part of Sections 3 and 10 of Township 9 North, Range 1 West, Yazoo and Madison Counties, Mississippi, underlain by 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, the Paluxy Oil Pool and the Mooringsport Oil Pool, all as hereinafter defined and all productive extensions thereof.

2. POOL DEFINITIONS

A. The Lower Tuscaloosa Oil Pool in the Bentonia Field shall be construed to mean those strata of the Lower Tuscaloosa Formation productive of oil in the interval between the top of the marine shale at 6,967 feet and the top of the Lower Cretaceous at 7,178 feet as indicated on the electric log of the Humble Oil & Refining Company Dorothy Farmer No. 2 Well and all sands correlative therewith.

B. The Washita-Fredericksburg Oil Pool in the Bentonia Field shall be construed to mean those strata of the Washita-Fredericksburg Formation productive of oil in the interval between 7,200 feet and 7,650 feet as indicated on the electric log of the Humble Oil & Refining Company Dorothy Farmer No. 2 Well and all sands correlative therewith.

C. The Upper Hosston Oil Pool in the Bentonia Field shall be construed to mean those strata of the Hosston Formation productive of oil in the interval between 10,152 feet to 10,555 feet as indicated on the dual induction log of the Coho Resources, Inc-Thompson 3-4 Well No. 7 in Section 3, Township 9 North, Range 1 West, and all sands correlative therewith.

D. The Lower Hosston Oil Pool in the Bentonia Field shall be construed to mean those strata of the Hosston Formation productive of oil in the interval between 10,555 feet to 11,470 feet as indicated on the dual induction log of the Coho Resources, Inc-Thompson 3-4 Well No. 7 in Section 3, Township 9 North, Range 1 West, and all sands correlative therewith.

E. The Upper Tuscaloosa Oil Pool in the Bentonia Field shall be construed to mean those strata of the Upper Tuscaloosa Formation productive of oil in the interval between 6,680 feet and 6,950 feet as indicated on the electric log of the Humble Oil & Refining Company Bentonia Oil Unit No. 2, Well No. 1, in Section 10, Township 9 North, Range 1 West, and all sands correlative therewith.

F. The Rodessa Oil Pool in the Bentonia Field shall be construed to mean those strata of the Rodessa Formation productive of oil in the interval between 9,090 feet and 9,500 feet as indicated on the electric log of Coho Resources, Inc., Thompson 3-5 No. 4 Well in Section 3, Township 9 North, Range 1 West, and all sands correlative therewith.

G. The 7500 Foot Washita-Fredericksburg Oil Pool in the Bentonia Field shall be construed to mean those strata of the Washita-Fredericksburg Formation productive of oil in the interval between 7,500 feet and 7,650 feet as indicated on the electric log of the Coho Resources, Inc. - Farmer 3-6 No. 5 Well located in Section 3, Township 9 North, Range 1 West, Yazoo County, Mississippi, and all sands correlative therewith.

H. The Mooringsport Oil Pool in the Bentonia Field shall be construed to mean those strata of the Mooringsport Formation productive of oil in the interval between 8,872 feet and 9,084 feet as indicated on the electric log of the Coho Resources, Inc. - Farmer 3-6 No. 7 Well located 2322.0 feet from the North line and 2128.0 feet from the West line of Section 3, Township 9 North, Range 1 West, Yazoo County, Mississippi, and all sands correlative therewith.

I. The Paluxy Oil Pool shall be construed to mean those strata productive of oil in the interval between 7,734 feet to 8,880 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.

J. The characteristics of the said 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, the Paluxy Oil Pool and the Mooringsport Oil Pool in said field are such that a well and/or wells located as hereinafter prescribed and drilled upon a drilling unit containing approximately eighty (80) contiguous surface acres conforming to the requirements of the rules herein contained will efficiently drain and produce the recoverable oil from such unit in said pools without avoidable waste.

3. SPACING OF OIL WELLS

A. A drilling unit is hereby established for each oil well in each of the nine (9) pools hereinabove described as an area consisting of a governmental half-quarter section containing not less than seventy-two (72) acres, or a drilling unit consisting of

not more than eighty (80) contiguous surface acres, upon which no other drilling or producible well is located; provided, however, up to a maximum not to exceed three (3) wells otherwise

located in conformance herewith may be located on each drilling unit and produced from the same oil pool with a full daily production allowable to be assigned to each such well. Every well drilled as an oil well shall be located at least 50.0 feet from every exterior boundary of the drilling unit. Every well drilled as an oil well shall be located at least 100.0 feet from any other well located outside that drilling unit and shall also be located at least 250.0 feet from any other well which is situated on that drilling unit. The distance between any two points farthest apart on the drilling unit upon which the well is located shall not exceed 3150.0 feet.

B. When a well is drilled at any location less than 200.0 feet from any exterior boundary of a drilling unit, a directional survey shall be run for the well before the well is completed and submitted to the Board within thirty (30) days after the making thereof.

4. DIRECTIONAL OR HORIZONTAL WELLS

A. The State Oil and Gas Supervisor is authorized to issue drilling permits approving the directional or horizontal drilling of oil wells within the Bentonia Field to test and produce from any of the hereinabove described nine (9) oil pools upon administrative permit, without notice and hearing, so long as the proposed drilling and production unit and both the surface locations and bottomhole locations (or terminus points) of such wells on said unit are in compliance with the hereinabove described spacing rules. Such administrative drilling permits may only be approved upon the submission to the Mississippi State Oil and Gas Board of a duly executed FORM 2 (Application to Drill), a duly certified unit location plat depicting both the proposed drilling and production unit and the proposed surface and bottomhole locations (or terminus point) of said well on said unit, the required permit application fee and such other information and documentation as may be required pursuant to the Statewide Rules and Regulations and/or policies and procedures of the Mississippi State Oil and Gas Board.

B. A directional survey shall be conducted and submitted to the Mississippi State Oil and Gas Board on each directionally or horizontally drilled and completed well and/or intentionally deviated hole prior to the setting of production casing and a duly certified copy thereof shall be furnished to the Mississippi State Oil and Gas Board within thirty (30) days thereof.

C. For the purposes of these Special Field Rules, a horizontal well is defined as a high angle directional well which results in a wellbore with 100.0 feet to 2,540.0 feet of lateral penetration.

D. For the purposes of these Special Field Rules, a directional well is defined as a well deviated from the vertical but which does not otherwise satisfy the conditions of a horizontal well.

5. APPLICABILITY OF STATEWIDE RULES

A. All rules and regulations contained in Statewide Order No. 201-51, and any amendments thereto, not specifically covered in the foregoing Special Field Rules are hereby adopted and shall apply to said field; and

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.

- END OF SPECIAL FIELD RULES -