

AUG 3 1992

STATE OIL AND GAS BOARD
Mississippi Department of Natural Resources, Supervisor

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF PLACID OIL COMPANY TO
ESTABLISH TEMPORARY SPECIAL FIELD
RULES FOR THE CALCOTE FIELD,
LINCOLN COUNTY, MISSISSIPPI

DOCKET NO. 148-92-759EMERGENCY
ORDER NO. 213-92**EMERGENCY ORDER**

THIS DAY this matter came on for Emergency Hearing before the State Oil and Gas Board on the Petition of Placid Oil Company requesting the establishment of temporary Special Field Rules for Calcote Field for no more than 45 days; such hearing being called for such purpose; and

WHEREAS, the Board has fully considered said matter and the evidence and recommendations made in said hearing and finds as follows:

1. Placid Oil Company is the operator of the POE-Paramount-Roberts 15-2 No. 1 Well, the discovery well for the field, which was drilled to a total depth of 17,105 feet pursuant to a permit dated July 1, 1991, on a 640 acre gas unit. The Roberts Well was drilled in full compliance with the Statewide Spacing Rules for wells which intended to encounter gas production below 12,000 feet.

2. Petitioner successfully completed its POC-Paramount-Roberts 15-2 No. 1 Well and encountered production of oil in commercial quantities from the Ferry Lake Anhydrite Formation. At present, there are no Special Field Rules for the Calcote Field, and consequently, no definition of the productive horizon encountered in the well, nor any spacing regulations conforming to the specific characteristics of this pool.

3. Petitioner has made a careful study of the geological and engineering characteristics of the Ferry Lake Anhydrite Formation as it is encountered in the Calcote Field. The facts presently available suggest that the spacing pattern for this formation in this field should ultimately be 160 acres, rather than the 80 acres

which is provided for by Statewide Rules. The information acquired from the discovery well makes clear that the productive potential of the formation is such that the development of its productive sands on the 80 acre spacing pattern might result in economic waste and in the premature abandonment of the resource. Further, Petitioner has shown that the presently known characteristics of the formation are such that one well will effectively and efficiently drain 150 acres. Consequently, enlarged spacing should minimize pressure depletion and well interference problems, and should avoid the drilling of unnecessary wells. Further, such spacing will prohibit drainage not compensated by counter-drainage and will better protect the coequal and correlative rights of all parties owning interests in the formation.

4. At the time of the filing of the Petition, only one well had been completed in the Ferry Lake Anhydrite Formation. Petitioner has requested this enlarged spacing on a temporary basis of 18 months' duration so that additional wells can be drilled on this development pattern until appropriate and necessary information is developed as to the size and extent of the formation, and its ultimate drainage characteristics. This temporary authorization will enhance the orderly and efficient development of the field, will avoid the possibility of waste caused by unnecessary and premature drilling and will afford the Board the opportunity of reviewing additional data. If, as Petitioner believes, this oil pool is a candidate for enlarged spacing and the data that is ultimately developed confirms this opinion, then temporary spacing will have avoided the problem of vesting rights in small units which will thereafter have to be reformed into larger units. The proposed Special Field Rules, which authorize temporary 160 acre spacing, incorporate a provision requiring that wells be located on 160 acre units in a manner that will accommodate the possibility of reduction to 80 acre units in the future without the creation of exception locations and island acreage.

5. The Board finds that one oil pool should be defined as follows:

The **Ferry Lake Anhydrite Oil Pool** as used herein shall be construed to mean those strata of the Ferry Lake Anhydrite Oil Pool Formation productive of oil in the interval between 14,810 feet and 15,480 feet measured depth as shown on the Dual Induction Laterlog for the Placid Oil Company-POC-Paramount-Roberts 15-2 Well No. 1 located in Section 15, Township 5 North, Range 9 East, at a bottomhole location 1,119 feet South of the North line of said Section and 1,598 feet West of the East line of said Section; and to include all sands correlative of said strata and interconnected therewith which are productive of oil.

6. Emergency relief has been requested and granted because the involved well was drilled on a 640 acre gas unit and consequently no authority exists for production of this well as an oil well. Special Field Rules for enlarged spacing are required to authorize production from a 160 acre oil unit. The operator has previously been granted an extended test period for this well anticipating a hearing in July, however a publication error prevents the matter from being heard on other than an emergency basis in July.

IT IS, FURTHER, ORDERED, ADJUDGED AND DECREED that under authority of this Emergency Order, and for no more than 45 days, temporary Special Field Rules for Calcote Field, are to read as follows:

EXHIBIT "A"

**SPECIAL FIELD RULES FOR THE CALCOTE FIELD
LINCOLN COUNTY, MISSISSIPPI**

A. THE FOLLOWING RULES SHALL APPLY TO THE FERRY LAKE ANHYDRITE OIL POOL OF THE FERRY LAKE ANHYDRITE FORMATION:

FIELD LIMITS:

Township 5 North, Range 9 East

Section 14: W 1/2
Section 15: Entire
Section 16: E 3/4
Section 21: NE 1/4 and E 1/2 NW 1/4

As is underlain by the Ferry Lake Anhydrite Oil Pool and all productive extensions thereof.

1. The Ferry Lake Anhydrite Oil Pool as used herein shall be construed to mean those strata of the Ferry Lake Anhydrite Oil Pool Formation productive of oil in the interval between 14,810 feet and 15,480 feet measured depth as shown on the Dual Induction Laterlog for the Placid Oil Company-POC-Paramount-Roberts 15-2 Well No. 1 located in Section 15, Township 5 North, Range 9 East, at a bottomhole location 1,119 feet South of the North line of said Section and 1,598 feet West of the East line of said Section; and to include all sands and a surface location 250 feet from North line and 1,500 feet from East line of said Section, correlative of said strata and interconnected therewith which are productive of oil.
2. The area defined as lying within the Calcote Creek Field consists of regular governmental sections of approximately 640 acres each.

RULE 1 - SPACING OF OIL WELLS IN THE FERRY LAKE ANHYDRITE OIL POOL:

Every well drilled as an oil well in the Ferry Lake Anhydrite Oil Pool and productive therein:

- (a) Shall be located on a drilling unit consisting of (1) 160 contiguous surface acres with a 5% more or less acreage tolerance; or (2) a governmental quarter section containing not less than 144 acres, or more than 176 acres; or (3) four contiguous governmental quarter-quarter sections whose total acreage is not less than 144 or more than 176 acres, upon which no other drilling or producible well is located;
- (b) Any oil unit formed under Rule 1(a) must be completely encompassed by the perimeter of a rectangle 2,890 feet by 3,620 feet. Provided, however, no unit shall be permitted which will create island acreage;
- (c) The well shall be located at least 1,500 feet from every other drilling or producible well in the Ferry Lake Anhydrite Oil Pool located in conformity with this rule;
- (d) The well shall be located at least 750 feet from every exterior boundary of the drilling unit; and
- (e) This spacing rule is temporary in nature and shall continue in force and effect for a period of 18 months from the date of the Order establishing these Special Field Rules. During this temporary period, each well shall be located on a unit in a manner that will permit another well to be drilled on such unit so that both such wells shall be in conformance with Statewide Rule 7 requirements for 80 acre oil units.

RULE 2 - APPLICABILITY OF STATEWIDE RULES:

- A. All rules and regulations contained in Statewide Order No. 201-51, and any amendments thereto, not specifically covered by 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,

ORDERED AND ADJUDGED this the 15th day of July, 1992.

MISSISSIPPI STATE OIL AND GAS BOARD

BY:

Joseph S. Zuccaro

CHAIRMAN