

BEFORE THE STATE OIL AND GAS BOARD OF THE STATE OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF NATURAL EXPLORATION, INC.
TO ESTABLISH SPECIAL FIELD RULES
FOR THE CHRISTMAS FIELD
AMITE AND WILKINSON COUNTIES, MISSISSIPPI

AUG 1 - 1994

STATE OIL AND GAS BOARD
Oil and Gas Production Supervisor

DOCKET NO. 151-94-744

ORDER NO. 225-94

FINAL ORDER

THIS MATTER came on for hearing at the June, 1994 meeting of this Board upon the Petition of Natural Exploration, Inc., asking that Special Field Rules for the Christmas Field in Amite and Wilkinson Counties, Mississippi, be adopted on an emergency basis, and is now before this Board for final order, and the Board being fully advised, does find as follows:

1.

Proper, due and legal notice for the meeting of this Board to consider this Petition has been given as required by law and the rules of this Board. Due, legal and sufficient proofs of publication of notice are on file with this Board. The Board does further adjudicate that it has full and complete jurisdiction to hear and determine this Petition at this time and place.

2.

Natural Exploration, Inc. is the operator of the V.F. Foster No. 1 Well and the C. Tuminello No. 1 Well located in the Christmas Field.

3.

Originally the V.F. Foster No. 1 Well and the C. Tuminello No. 1 Well were permitted as oil wells. Subsequently, they were reformed to gas units because it appeared that the production from these wells was predominantly gas. However, as the wells have continued to produce, it now appears that the production from these wells is predominantly oil and these wells should be reclassified as oil wells. Due to the reservoir characteristics, the proper

spacing pattern for the Foster Sand Oil Pool in the Lower Tuscaloosa Formation should be 160 acres. Natural Exploration, Inc. has requested these Field Rules to define the Lower Tuscaloosa Foster Sand Oil Pool and to provide for 160 acre spacing for production from these pools.

4.

Natural Exploration, Inc. has proposed to define the Lower Tuscaloosa Foster Sand Oil Pool as follows:

The Lower Tuscaloosa Foster Sand Oil Pool of the Christmas Field shall be considered those strata of the Lower Tuscaloosa Formation productive of oil and gas in the interval from 11,910 feet to 11,968 feet as indicated on the dual induction log for the V.F. Foster No. 1 Well located in Section 36, Township 3 North, Range 2 East, Amite County, Mississippi, including any productive extensions thereof underlain by the Lower Tuscaloosa Foster Sand Oil Pool.

5.

A copy of the proposed Special Field Rules is attached hereto as Exhibit "A".

6.

The area to be included in the Christmas Field is described as follows:

Section 21, Southwest Quarter of Section 22, West Half of Section 35, and Section 36, Township 3 North, Range 2 East, Amite County, Mississippi; the East Half of Section 24 and the East Half of Section 25, Township 3 North, Range 1 East, Wilkinson County, Mississippi.

7.

The proposed Special Field Rules will promote the development of the Lower Tuscaloosa Foster Sand Oil Pool, will prevent waste and will protect the coequal and correlative rights of all parties.

8.

Natural Exploration, Inc. needed an emergency hearing because of recently revised publication dates for the newspaper in Wilkinson County. Due to this unexpected change in publication dates, it was not possible to obtain due notice. Since the test period for this well ended at the June, 1994 meeting of this Board,

it was necessary to obtain an emergency order so that the well could be produced upon the proper spacing pattern.

9.

The relief herein sought was approved on an emergency basis at the June, 1994 meeting of the Board and should be approved for final order.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules for the Christmas Field as above proposed be and they are hereby approved.

SO ORDERED AND ADJUDGED this the 20th day of July, 1994.

MISSISSIPPI STATE OIL AND GAS BOARD

BY:

Joseph D. Zucaro
CHAIRMAN

WLWF\Nat-Xsfr.ord

EXHIBIT "A"

**SPECIAL FIELD RULES FOR THE CHRISTMAS FIELD
AMITE AND WILKINSON COUNTIES, MISSISSIPPI**

(A)

The Christmas Field as used herein is that area in the following Sections: all of Section 21, Southwest Quarter of Section 22, West Half of Section 35, and all of Section 36, Township 3 North, Range 2 East, Amite County, Mississippi and the East Half of Section 24 and the East Half of Section 25, Township 3 North, Range 1 East, Wilkinson County, Mississippi, including any productive extensions thereof underlain by the Lower Tuscaloosa Foster Sand Oil Pool.

(B)

The Lower Tuscaloosa Foster Sand Oil Pool shall be defined as follows:

1. The Lower Tuscaloosa Foster Sand Oil Pool as used herein, shall be construed to mean that strata productive of oil and gas in the Lower Tuscaloosa Formation from the depth of 11,910 feet to 11,968 feet as indicated on the dual induction log for the V.F. Foster No. 1 Well, located in Section 36, Township 3 North, Range 2 East, Amite County, Mississippi, including those strata productive of oil or gas which can be correlated therewith.

(C)

The characteristics of the above mentioned oil pool are such that one well drilled on a one hundred sixty (160) acre unit will effectively drain and produce the recoverable oil and gas from such unit in said pool without avoidable waste.

RULE 1 - SPACING OF OIL WELLS:

Every well drilled as an oil well to the Lower Tuscaloosa Foster Sand Oil Pool:

- (a) Shall be located on a drilling unit consisting of four contiguous quarter/quarter sections containing not less than one hundred forty-four (144) nor more than one hundred seventy-six (176) acres upon which no other well drilling to or producing from said pool is located.

(b) Any drilling unit not composed of four (4) contiguous quarter/quarter sections shall contain one hundred sixty (160) surface acres which must be completely encompassed by perimeter of a rectangle 2640 feet by 3500 feet provided, however, no unit shall be permitted which will create island acreage.

(c) Each well shall be located at least 1500 feet from every drilling or producible well from the same pool and not less than 500 feet from every exterior boundary of the drilling unit.

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 in 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.