

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF SPOONER PETROLEUM
COMPANY TO ESTABLISH TEMPORARY
SPECIAL FIELD RULES FOR CLARK FIELD,
JONES COUNTY, MISSISSIPPI

FILED FOR RECORD

OCT 19 2005

STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR

DOCKET NO. 239-2005

ORDER NO. 412-2005

ORDER

THIS CAUSE came to be heard on the Petition of Spooner Petroleum Company ("Petitioner") requesting the Board to establish Temporary Special Field Rules for the Clark Field in Jones County, Mississippi; 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 was given in the manner required by the rules and regulations of the Board; that due, legal, and sufficient proofs of publication and service 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 said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on September 21, 2005, at 9:30 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 who plans to drill wells located in an area to be designated the Clark Field in Jones County, Mississippi. This area is more particularly described as:

TOWNSHIP 7 NORTH, RANGE 11 WEST

Jones County, Mississippi

Section 7: The E½

Section 8: Entire Section

Section 9: The W½

Section 16: The W $\frac{1}{2}$

Section 17: Entire Section

Section 18: The E $\frac{1}{2}$

No producing wells have been drilled by Petitioner to date. No producing wells exist in this area. No Special Field Rules exist for the Field since these rules are being proposed to promote drilling.

2.

Petitioner avers and believes that the Field area is prospective from the Paluxy Formation ("the Pool"). Petitioner plans to drill a well to an approximate total depth of 12,100 feet in search of oil production from the Pool and any other formation encountered in the drilling of said well.

3.

Petitioner has made a careful study of the geologic and engineering characteristic of the formations expected to be encountered in the drilling in this area. The facts presently available suggest that the spacing pattern in this field should ultimately be 160 acres, rather than the 40 or 80 acres. Information acquired from wells drilled in other portions of the area makes clear that the productive potential of the horizons is such that the development of productive wells on a 40 or 80 acre spacing pattern might result in economic waste and in the premature abandonment of the oil and gas which potentially underlies this area. Further, the presently known characteristics of these potential sands to be encountered requires that two wells should be drilled to effectively and efficiently drain the 160 acre units. Further, due to faulting in this area, Petitioner needs flexibility in locating each well on the proposed unit. Drilling the referenced wells on 40 or 80 acre spacing pattern will cause economic waste and could prevent the referenced field from being drilled or developed. Consequently, enlarged spacing should minimize offset drainage, drilling uneconomic wells, and well interference problems, avoid the drilling of unnecessary wells and cause the area to be prudently developed. Further, such spacing will prevent offset drainage, not compensated by counter-drainage, and will better protect the co-equal and correlative rights of all parties owning an interest in all formations drilled.

4.

At the time of filing of the Petition, no productive wells have been drilled in the referenced area to the depth anticipated by Petitioner. Petitioner has requested this enlarged

spacing on a temporary basis for a 36 month duration or such time as three wells have been drilled, whichever is the shortest time, so that appropriate and necessary information is developed as to the size and extent of the various formations, and their ultimate drainage characteristics. This temporary authorization will enhance the orderly and efficient development of the Field and area, 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 area 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 smaller units which will thereafter have to be reformed into larger units.

5.

All zones in the Pool should be subject to the Temporary Field Rules set forth herein. Those zones are included within the definition of the Formation.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the Temporary Special Field Rules for the Clark Field in Jones County, Mississippi, shall be established as follows:

**TEMPORARY SPECIAL FIELD RULES
CLARK FIELD
JONES COUNTY, MISSISSIPPI**

A. POOL DEFINITION

1. The Paluxy Pool is hereby defined as all Paluxy zones between a depth of 10,675 feet to 12,730 feet as indicated on the electric log of the Triad Oil & Gas Company - J. M. Collins No. 1 Well located 330 feet from the North line and 660 feet from the West line of the NW¼ of the NW¼ of Section 17, Township 7 North, Range 11 West, Jones County, Mississippi.

B. FIELD AREA AND SPACING RULES

The following rules shall apply to all production in the following area of Jones County, Mississippi to be designated the Clark Field:

1. Field Limits

Township 7 North, Range 11 West

**TOWNSHIP 7 NORTH, RANGE 11 WEST
Jones County, Mississippi**

Section 7: The E½
Section 8: Entire Section
Section 9: The W½

Section 16: The W½

Section 17: Entire Section

Section 18: The E½

2. Spacing of Oil Wells

Every well drilled as an oil well in the area defined above and productive from the Paluxy Pool therein:

- (a) Shall be located on a drilling unit consisting of:
 - (1) 160 contiguous surface acres with a 5% 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 2(a) must be completely encompassed by the parameter of a rectangle 2,890 feet by 3,620 feet. Provided, however, no unit shall be permitted which will create island acreage;
- (c) The wells shall be located at least 660 feet from every other drilling or producible well in the same pool located in conformity with this Rule;
- (d) The wells shall be located at least 330 feet from every exterior boundary of the drilling unit;
- (e) Each Unit shall be entitled to have up to two (2) wells from each zone in the Pool as increase density wells.
- (f) Each Well is granted a production allowable of 500 BOPD.
- (g) This spacing rule is temporary in nature and shall continue in force and effect for a period of 36 months or commencing from the date of the Order establishing these Temporary Special Field Rules.

3. 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 Temporary Special Field Rules are hereby adopted and shall apply to said area.
- (b) The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any and all the foregoing Rules and Regulations.

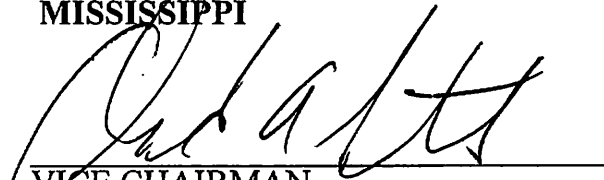
***** END OF SPECIAL FIELD RULES *****

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after September 21, 2005.

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 19th day of October, 2005.

STATE OIL AND GAS BOARD OF
MISSISSIPPI


VICE CHAIRMAN
(Acting Chairman)

Prepared By:

William F. Blair
BLAIR & BONDURANT, P.A.
Post Office Box 321423
Jackson, MS 39232
(601) 992-4477 - Telephone
(601) 992-9189 - Telecopier