

JUL 09 2012

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

RE: PETITION OF ROUNDTREE & ASSOCIATES, INC. TO AMEND THE SPECIAL FIELD RULES FOR NORTHEAST COLLINS FIELD IN JONES AND COVINGTON COUNTIES, MISSISSIPPI

DOCKET NO. 147-2012-D

ORDER NO. 381-2012**ORDER**

This day this matter came on for hearing before the State Oil and Gas Board at its regular June 20, 2012, hearing on the Petition of Roundtree & Associates, Inc. to amend the special field rules for Northeast Collins Field in Jones and Covington Counties, Mississippi.

WHEREAS, a public hearing was held by said Board in the hearing room, 500 Greymont Avenue, Suite E, Jackson, Mississippi, commencing on June 20, 2012, at which time all persons present who desired to be heard on said matter were heard and all testimony and evidence were duly considered at said meeting; 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 and way provided by law and the rules and regulations of the Board; that due, legal and sufficient proofs of publication are on file with the Board; and that the Board has full jurisdiction of the parties and subject matter to hear and determine same; and

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

1. That Petitioner is the Operator of the sole well located in Northeast Collins Field producing from the Upper Cotton Valley Volatile Oil Pool which is on 640 acre spacing as an oil well.

2. That the existing Special Field Rules for Northeast Collins Field authorize only one well in the Upper Cotton Valley Volatile Oil Pool to be drilled within a unit of 640 acres, with the well bore being no less than 1,500 feet from exterior unit lines and 3,000 feet between producing wells.

3. That the Robertson 21-9 No. 1 Well ("Well") is completed in and has produced from the Upper Cotton Valley Volatile Oil Pool. Based upon electric log analysis and mud logs shows the Well may also produce from zones in the Hosston Formation. Petitioner proposes to

amend the Special Field Rules of Northeast Collins Field to re-define the producing interval as follows:

The Hosston-Cotton Valley Producing Interval is defined as those strata from the top of the Hosston Formation to the base of the Cotton Valley Formation productive of oil and casinghead gas in the interval between 14,225 feet and 18,700 feet measured depth in the Robertson 21-9 No. 1 Well as indicated on the Array Induction Log of said well as recorded by Schlumberger on October 15, 1999, and all sands correlative of this strata productive of oil and casinghead gas, said well being located 1,930 feet from South line and 530 feet from East line of Section 21, Township 8 North, Range 14 West, Covington County, Mississippi.

4. That the Special Field Rules should be amended to authorize up to four producing wells per 640 acre unit provided that said wells shall be not less than 500 feet from every exterior unit boundary and shall be not less than 1,000 feet from every other drilling or producing well in the Hosston-Cotton Valley Producing Interval. The amendments will not cause drainage that is not offset by counter drainage and will protect the co-equal and correlative rights of all parties in interest.

5. That all increased density wells authorized in Northeast Collins Field may have drilling permits issued administratively, without notice or hearing, provided that the proposed well complies in all respects with the Special Field Rules and has been previously force integrated pursuant to Section 53-3-7(1) Miss. Code Ann., as amended. The ownership in each proration unit will be the same for that unit no matter the number of increased density wells drilled. Therefore, the effort to force pool each increased density well is duplicative after the first integration of the unit and wasteful of the assets of both the operator and the Board. The proposed rule will only affect the "simple integration" of non-consenting owners. Should the operator of the unit desire to pursue the application of alternate risk charges against non-consenting owners, the operator will be required to follow the requirements of Miss. Code Ann. §53-3-7(2), as amended, and the established Statewide Rules to qualify for alternate risk charges against non-consenting owners.

6. That the Amended Special Field Rules of Northeast Collins Field, which are set forth in Exhibit "A", attached hereto, will prevent waste, will avoid the drilling of unnecessary wells, will protect the co-equal and correlative rights of the owners in the Field, will allow all of the owners in the Field the right and opportunity to recover their fair and equitable share of the recoverable hydrocarbons therein, will foster and encourage the full development of the Field, will promote the conservation of hydrocarbons from the Field by preventing waste, and will

enable hydrocarbons to be produced which could not otherwise be produced, thereby increasing the ultimate recovery of hydrocarbons.

IT IS THEREFORE ORDERED AND ADJUDGED that Petition of Roundtree & Associates, Inc. to amend the special field rules for Northeast Collins Field in Jones and Covington Counties, Mississippi, is hereby granted.

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

SO ORDERED AND ADJUDGED this the 9th day of July, 2012, and effective June 20, 2012.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By: _____


JAMES HEIDELBERG, Chairman

OF COUNSEL:

WATTS C. UELTSCHY
(Mississippi State Bar No. 5758)
BRUNINI, GRANTHAM, GROWER & HEWES
The Pinnacle Building, Suite 100
190 East Capitol Street
Post Office Drawer 119
Jackson, Mississippi 39205
Telephone: (601) 948-3101

**ATTORNEY FOR PETITIONER,
ROUNDTREE & ASSOCIATES, INC.**

EXHIBIT "A"

**AMENDED SPECIAL FIELD RULES
NORTHEAST COLLINS FIELD
JONES AND COVINGTON COUNTIES, MISSISSIPPI**

RULE 1: FIELD LIMITS

The Northeast Collins Field is defined as that area consisting of the following described lands, to wit:

West 1/2 of Section 22 and Northwest 1/4 of Section 27, Township 8 North, Range 14 West, Jones County, Mississippi; and All of Section 21 and North 1/2 of Section 28, Township 8 North, Range 14 West, Covington County, Mississippi,

as underlain by the oil pools herein defined and all correlative or productive extensions thereof.

RULE 2: POOL DEFINITIONS

The Hosston-Cotton Valley Producing Interval is defined as those strata from the top of the Hosston Formation to the base of the Cotton Valley Formation productive of oil and casinghead gas in the interval between 14,225 feet and 18,700 feet measured depth in the Robertson 21-9 No. 1 Well as indicated on the Dual Induction Log of said well as recorded by Schlumberger on October 15, 1999, and all sands correlative of this strata productive of oil and casinghead gas, said well being located 1,930 feet from South line and 530 feet from East line of Section 21, Township 8 North, Range 14 West, Covington County, Mississippi.

RULE 3: SPACING OF OIL WELLS

Each oil unit for the Hosston-Cotton Valley Producing Interval may have four (4) producing wells. Each oil unit for each of said defined pools shall be developed subject to the following:

a. Shall be located on a drilling unit consisting of six hundred forty (640) contiguous surface acres; or a governmental section containing not less than six hundred (600) acres or more than six hundred eighty (680) acres; or sixteen (16) contiguous governmental quarter-quarter sections containing not less than six hundred (600) acres or more than six hundred eighty (680) acres, provided that such a unit is completely encompassed by the perimeter of a rectangle 5,580 feet by 6,245 feet; but in no event shall a unit be permitted which will create island acreage.

b. Each well in the Hosston-Cotton Valley Producing Interval shall be located at least 1,000 feet from every other drilling or producible well in the Hosston-Cotton Valley Producing Interval.

c. Each well shall be located at least 500 feet from each exterior boundary of the drilling unit.

d. This Rule shall not apply to the surface location of any well which is intentionally deviated to a regular bottom-hole location at least 1,000 feet from every other drilling or producible well in the each of the defined pool. As to such wells intentionally deviated, there shall be no restriction on the surface location; provided, however, the interval perforated for completion in the Hosston-Cotton Valley Producing Interval shall be located at least 1,000 feet from every other drilling or producible well in the Hosston-Cotton Valley Producing Interval. The interval perforated for completion in each of the defined pool shall be located at least 500 feet from each exterior boundary of the drilling unit.

e. Pursuant to this Rule, when a well is directionally deviated from its normal course for any reason, a complete angular deviation and directional survey of the finished hole shall be made at the expense of the operator and a certified copy of such survey shall be filed with the Board within thirty (30) days.

f. Each increased density well shall be granted a full allowable for production.

RULE 4: FORCE INTEGRATION

A well which is to be drilled as an increased density well under Rule 3 of these Special Field Rules on an established unit, may have the drilling permit issued administratively, without notice or hearing, provided that the proposed well complies in all respects with these Special Field Rules and provided that the established unit has previously been force integrated pursuant to Section 53-3-7(1) Miss. Code Ann., as amended, "simple integration".

RULE 5: APPLICABILITY OF STATEWIDE RULES

All rules and regulations contained in Statewide Order No. 201-51 and amendments thereto, not in conflict with the foregoing, shall apply to said field until such time as these Special Field Rules may be altered or amended. The Board expressly reserves the right, after notice and hearing, to alter or amend or repeal any and all of the foregoing regulations.

*****End of Special Field Rules*****