

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF OXY USA INC. TO AMEND THE
SPECIAL FIELD RULES FOR FREEDOM
FIELD, WILKINSON COUNTY, MISSISSIPPI

DEC 3 1993

STATE OIL AND GAS BOARD
By: Michael Henderson, Supervisor

DOCKET NO. 259-93-749

ORDER NO. 352-93

ORDER

THIS DAY this matter came on for hearing before the State Oil and Gas Board on the Petition of OXY USA Inc. to amend the Special Field Rules for Freedom Field, such hearing being called for such purpose; and

WHEREAS, the Board finding 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 law, and that due, legal and sufficient proofs of publication 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 given, public hearing was held by said Board in the hearing room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on November 17, 1993, at which hearing all persons present who desired to be heard on said matter were heard and all testimony and 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. The Special Field Rules of Freedom Field were established by Order No. 177-92, Docket No. 122-92-749, dated May 20, 1992. Said field rules defined the Freedom Field, established the Lower Tuscaloosa "A" Sand Gas Pool, and provided for 400 acre spacing for drilling units in said pool.

2. In Docket No. 260-93-749, the Board has established the Lower Tuscaloosa "A" Sand Fieldwide Unit in order to properly develop the Lower Tuscaloosa "A" Sand Gas Pool, prevent waste, and protect the coequal and correlative rights of all interested

parties. The Fieldwide Unit will be placed into effect when approval of royalty owners is established pursuant to Miss. Code Ann. § 53-3-107 (1972). Rules authorizing secondary recovery operations and/or pressure maintenance programs, spacing restrictions or requirements, and allocation of production among units, are appropriate for when the Fieldwide Unit becomes effective.

3. The evidence of the productive limits of this field further establishes that it is necessary and appropriate to amend the definition of Freedom Field to include additional lands in Section 3, Section 9, and Section 10, Township 3 North, Range East, which appear to be underlain with productive intervals of the Lower Tuscaloosa "A" Sand Gas Pool of Freedom Field.

4. The proposed amendments to the Special Field Rules of Freedom Field, to accomplish said purposes, are necessary and reasonable, will prevent waste and protect the coequal and correlative rights of all interested parties, and should be adopted.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules of Freedom Field, Wilkinson County, Mississippi shall be and are hereby amended to read as follows:

SPECIAL FIELD RULES

FREEDOM FIELD

WILKINSON COUNTY, MISSISSIPPI

A. **Freedom Field** as used herein, is that area consisting of the following lands:

Township 4 North, Range 1 East

The S 1/2 of Section 37
The S 1/2 of Section 38
The SW 1/4 of Section 39

Township 3 North, Range 1 East

The SW 1/4 of Section 3
Section 4
Section 5
Section 6
The E 1/2 of NE 1/4 of Section 8
Section 9
The W 3/4 of Section 10

All in Wilkinson County, Mississippi as underlain by the Lower Tuscaloosa "A" Sand Gas Pool and including all productive extensions to such area.

- B. The Lower Tuscaloosa "A" Sand Gas Pool shall be construed to mean those strata productive of oil, gas and condensate in the Lower Tuscaloosa Formation at the electric log depth of 11,550 feet - 11,584 feet as found in the OXY USA INC. - CMR A No. 1 Well located in the NW 1/4 of Section 5, Township 3 North, Range 1 East, Wilkinson County, Mississippi, and those sands productive of oil, gas and condensate correlative to and in communication therewith.
- C. The **Fieldwide Unit** as used herein is that portion of the Lower Tuscaloosa "A" Sand within the Unit Area which consists of the following described land:

Beginning at the Southeast corner of Section 9, Township 3 North, Range 1 East, Wilkinson County, MS; run thence South 89° 56' 12" West along the South line of said Section 9 for 2516.14 feet; thence North 88° 48' 48" West along the South line of said Section 9 for 1845.33 feet; thence North 00° 12' 14" West and parallel to the East line of the Southwest Quarter of the Southwest Quarter of said Section 9 for 1044.97 feet; thence North 89° 48' 31" West for 666.30 feet; thence North 00° 02' 12" East along the West line of said Section 9 for 1543.18 feet; thence North 00° 32' 12" East along the West line of said Section 9 for 840.69 feet; thence West for 1291.14 feet; thence North for 1734.79 feet; thence North 89° 57' 35" East along the South line of Section 5, Township 3 North, Range 1 East, Wilkinson County, MS, for 326.85 feet; thence North 00° 05' 50" West and parallel to the East line of said Section 5 for 441.07 feet; thence South 89° 33' 14" West and parallel to the North line of the South Half of the South Half of said Section 5 for 1233.51 feet; thence North 00° 23' 46" West and parallel to the West line of the East Half of said Section 5 for 824.16 feet; thence South 89° 33' 14" West along the South line of the North Half of the South Half of said Section 5 for 3031.18 feet; thence North 89° 03' 38" West along the South line of the North Half of the Southeast Quarter of Section 6, Township 3 North, Range 1 East, Wilkinson County, MS, for 2630.31 feet; thence South 00° 04' 05" East along the East line of the Southeast Quarter of the Southwest Quarter of said Section 6 for 627.36 feet; thence North 89° 03' 38" West and parallel to the North line of the Southeast Quarter of the Southwest Quarter of said Section 6 for 1317.99 feet; thence North 00° 11' 28" East along the West line of the East Half of the West Half of said Section 6 for 3236.91 feet; thence South 88° 59' 54" East along the North line of the Southeast Quarter of the Northwest Quarter of said Section 6 for 120.57 feet; thence North 00° 20' 24" East for 1304.70 feet; thence South 88° 58' 00" East along the North line of said Section 6 for 1421.46 feet; thence North 00° 17' 24" East along the West line of the Southeast Quarter of Section 37, Township 4 North, Range 1 East, Wilkinson County, MS, for 1348.14 feet; thence South 89° 11' 00" East along the North line of the South Half of the Southeast Quarter of said Section 37 for 2841.14 feet; thence South 89° 28' 39" East along the North line of the South Half of the South Half of Section 38, Township 4 North, Range 1 East, Wilkinson County, MS, for 4797.57 feet; thence South 89° 51' 39" East along the North line of the Southwest Quarter of the Southwest Quarter of Section 39, Township 4 North, Range 1 East Wilkinson County, MS, for 790.99 feet; thence South 00° 39' 04" West and parallel to the West line of said Section 39 for 1349.65 feet; thence North 89° 33' 17" East along the

North line of Section 4, Township 3 North, Range 1 East, Wilkinson County, MS, for 573.56 feet; thence South 00° 18' 56" East and parallel to the West line of the Northeast Quarter of the Northwest Quarter of said Section 4 for 642.48 feet; thence North 89° 49' 22" East along the North line of the Southwest Quarter of the Northeast Quarter of the Northwest Quarter of said Section 4 for 427.90 feet; thence South 00° 25' 29" East along the East line of the Southwest Quarter of the Northeast Quarter of the Northwest Quarter of said Section 4 for 644.48 feet; thence South 89° 54' 37" East along the North line of the South Half of the North Half of said Section 4 for 940.49 feet; thence South 00° 32' 00" East for 1271.22 feet; thence South 89° 55' 56" East along the North line of the South Half of said Section 4 for 824.20 feet; thence South 00° 32' 00" East for 1263.02 feet; thence North 89° 55' 13" East along the North line of the South Half of the Southeast Quarter of said Section 4 for 658.48 feet; thence South 00° 23' 28" East along the East line of the Northwest Quarter of the Southeast Quarter of the Southeast Quarter of said Section 4 for 630.63 feet; thence North 89° 50' 49" East along the North line of the Southeast Quarter of the Southeast Quarter of the Southeast Quarter of said Section 4 for 610.80 feet; thence South 89° 11' 19" East along the North line of the Southwest Quarter of the Southwest Quarter of the Southwest Quarter of Section 3, Township 3 North, Range 1 East, Wilkinson County, MS, for 669.86 feet; thence South 00° 29' 02" East along the East line of the Southwest Quarter of the Southwest Quarter of the Southwest Quarter of said Section 3 for 633.07 feet; thence South 88° 55' 19" East along the North line of Section 10, Township 3 North, Range 1 East, Wilkinson County, MS, for 531.61 feet; thence South 01° 27' 58" East and parallel to the East line of the Northwest Quarter of the Northwest Quarter of said Section 10 for 886.45 feet; thence East for 500.00 feet; thence South 01° 27' 58" East and parallel to the West line of the East Half of the West Half of said Section 3 for 1737.07 feet; thence South 88° 54' 18" East along the North line of the Southwest Quarter of said Section 10 for 983.98 feet; thence South 01° 16' 11" East along the East line of the Southwest Quarter of said Section 10 for 2630.88 feet; thence North 88° 25' 52" West along the South line of said Section 10 for 2664.95 feet to the point of beginning. The above described tract is situated in Sections 37, 38 and 39, Township 4 North, Range 1 East, and Sections 3, 4, 5, 6, 8, 9 and 10, Township 3 North, Range 1 East, Wilkinson County, MS, and contains 2400.00 acres.

Said Fieldwide Unit being established by the Board in Order No. 353-93, Docket No. 260-93-749.

RULE 1 - SPACING OF WELLS NOT IN THE FIELDWIDE UNIT

- A. Any well completed in that part of the Lower Tuscaloosa "A" Sand Gas Pool which is not included in the Fieldwide Unit shall be located on the drilling unit consisting of 400 acres or ten contiguous governmental quarter-quarter sections containing not less than 360 nor more than 440 acres upon which no other well drilling to or producing from said pool is located.
- B. All drilling units must be completely encompassed by the perimeter of a rectangle 4200' x 5600'; provided, however, no unit shall be permitted which will create island acreage.

- C. Each well not located within the Fieldwide Unit shall be located at least 2200 feet from every drilling or producible well from the same pool and not less than 1100 feet from every exterior boundary of the drilling unit.

RULE 2 - SPACING OF WELLS IN THE FIELDWIDE UNIT.

When the Fieldwide Unit becomes effective, the location of injection and production wells in the Fieldwide Unit shall be selected by the operator and shall be governed by the standards of geology and petroleum engineering designed to promote the greatest ultimate recovery of hydrocarbons contained in the Pool. However, no well may be drilled, injected into, or produced from said Pool nearer than 1100 feet from any exterior boundary of the Fieldwide Unit, except upon permit issued by the Board, after notice and hearing.

RULE 3 - PRESSURE MAINTENANCE AND SECONDARY RECOVERY PROGRAM AUTHORIZED

When the Fieldwide Unit becomes effective,

(a) OXY USA Inc., as operator of the Fieldwide Unit, is hereby authorized to conduct secondary recovery and/or pressure maintenance operations in the Fieldwide Unit by the injection of gas, carbon dioxide, water, or other substances into the Pool. Operator may use for injection purposes existing wells located in said Fieldwide Unit which may be converted to injection wells or wells may be drilled on said Fieldwide Unit for such purpose provided, however, that before any well or wells may be used for injection purposes, said operator must first file with the Mississippi State Oil and Gas Board all evidence and information required under Statewide Rule 63 and obtain the Board's approval thereof, after notice and hearing.

(b) The conversion of producing wells to injection wells will not effect the Fieldwide Unit allowable as determined by Rule 4, below.

RULE 4 - ALLOCATION OF PRODUCTION.

(a) The oil allowable for the Lower Tuscaloosa "A" Sand Gas Pool shall be the sum of the number of wells in the field, including secondary recovery injection wells in the Fieldwide Unit, times the then effective allowable based on depth under Statewide Rule 35. Said allowable may be altered to a MER, if different, after notice and hearing.

(b) Gas Allowables shall continue to be set pursuant to Statewide Rule 34.

(c) Allocation and apportionment of allowable production from the Lower Tuscaloosa "A" Sand Pool in Freedom Field, among and between any individual drilling units and the Fieldwide Unit shall be made on the basis of and in proportion to the surface acreage content of each of the units.

RULE 5 - SURFACE STORAGE, MEASUREMENT AND TRANSFER SYSTEMS.

(a) The operator of the Fieldwide Unit may maintain such separators, stock tanks, metering devices, connections and storage facilities as it deems necessary to accurately measure the total production from the Fieldwide Unit. Separate measurement or storage for the wells and leases within the Fieldwide Unit shall not be necessary.

(b) Automatic custody transfer systems which automatically test, sample, measure and transfer the production from the operator to the purchaser are hereby authorized for Freedom Field. Such systems will be equipped with a sampling device which will take a representative sample of the total production passing through the system in order that the specific gravity and basic sediment and water content can be determined. Each custody transfer system will be equipped with a volume displacement type metering device which registers the volume of oil passed through it in barrels or multiples thereof.

RULE 6 - APPLICABILITY OF STATEWIDE RULES.

- A. All rules and regulations contained in the Statewide Order No. 201-51 and amendments thereto not specifically covered in the foregoing rules are hereby adopted and shall apply to Freedom Field.
- B. The Board expressly reserves the right, after notice and hearing, to alter, amend, or repeal any and all of the foregoing Special Field Rules, or to grant exceptions to all or any part thereof.

ORDERED AND ADJUDGED this the 17th day of November, 1993.

MISSISSIPPI STATE OIL AND GAS BOARD

BY: Joseph J. Zuccaro
CHAIRMAN