

MAR 2 1978

STATE OIL AND GAS BOARD  
Clyde R. Davis, State Oil & Gas SupervisorBEFORE THE STATE OIL AND GAS BOARD  
OF THE STATE OF MISSISSIPPI

DOCKET NO. 259-77-420

ORDER NO. 45-78ORDER DEFINING AN ADDITIONAL GAS POOL  
AND GRANTING SYSTEM FUELS, INC.  
AUTHORITY TO DUALY COMPLETE A GAS WELL  
HOLIDAY CREEK FIELD  
MARION AND JEFFERSON DAVIS COUNTIES, MISSISSIPPI

This cause this day came on to be heard on the Petition of System Fuels, Inc., on the process, oral and documentary evidence, and the argument of counsel, and upon said hearing, the Board finds:

1. That due and legal notice of the meeting of this Board for the purpose of considering this docket and this Petition has been given for the time and in the manner provided by law. Due and proper proofs of said notices are on file with the Board. The Board thus has jurisdiction of the subject matter of this Petition and the parties involved, with full right to hear and determine said cause.

2. This Board has heretofore promulgated Special Field Rules for said Holiday Creek Field by Order No. 104-77, dated May 3, 1977. Those Rules apply to the lands in Marion and Jefferson Davis Counties, Mississippi, described in Exhibit "B" attached hereto. The said Special Field Rules also define a Booth Sand Gas Pool of the Hosston Formation; that being the only gas pool defined by the said Rules.

3. Petitioner herein has drilled an additional well in the Field, which well is hereinafter described, and which well has penetrated the said Booth Sand Gas Pool. The same has also located and penetrated an additional gas pool, which has not heretofore been defined by this Board, and Petitioner has asked that the said Special Field Rules be amended so as to properly define the newly discovered gas pool, which the Board finds should be done. Petitioner proposes to define newly discovered gas pool as the HARPER SAND GAS POOL OF THE HOSSTON FORMATION as located in the Holliday Creek Field to mean:

Those strata productive of gas in the interval between the depths of 16,070-16,148 feet as indicated on the electric log of the System Fuels-ARMSTRONG Well No. 25-11 which is located in Section 25, Township 6 North, Range 18 West, Jefferson Davis County, Mississippi, and all correlative intervals in communication therewith.

The Board finds that this proposed definition is accurate and appropriate.

4. Petitioner has drilled a well known as the System Fuels-ARMSTRONG WELL NO. 25-11 in the Holiday Creek Field of Marion and Jefferson Davis Counties, Mississippi, on a drilling unit described as:

TOWNSHIP 6 NORTH, RANGE 18 WEST

Section 25: The Entire Section.

The well is located on the said unit 2,140 feet from the South line and 1,760 feet from the West line of said unit. The well was drilled pursuant to Permit #521 dated May 4, 1977. Both the unit and the well location on the unit are regular in all respects, both under the Statewide Rules and the Special Field Rules.

5. From the proof it appears as though the ARMSTRONG WELL No. 25-11 has penetrated both the Harper Sand Gas Pool and the Booth Sand Gas Pool within the said Holiday Creek Field; that both of said pools may be produced through the said well in commercial quantities. Such completion work as has been accomplished to date in said well has been done in such a fashion as to facilitate its dual completion, there being within it ten and three-quarter inch surface casing to 7,141 feet and seven-inch production casing to 16,435 feet.

6. Petitioner proposes to dually complete the said well in the fashion outlined on the schematic drawing which is attached hereto as Exhibit "A", more specifically as follows:

a. Set a Baker Model "D" packer on a 2 3/8 inch string of production tubing at 16,250 feet, being above the Booth Sand Gas Pool but below the Harper Sand Gas Pool.

b. Set a Baker Model "K" dual snap set packer at 15,989 feet.

This packer will be on the end of one string of 2 3/8 inch tubing with another string of 2 3/8 inch tubing (the one going to Model "D" packer) passing through it.

c. Set a Baker Model "F" nipple at 16,180 feet on the 2 3/8 inch tubing between the two packers, and in connection therewith use a Baker Model "L" sliding sleeve at 16,143 feet.

d. Set a Baker Model "F" nipple at 15,961 feet being above the Baker Model "K" packer at 15,989 feet.

e. Perforate the Booth Sand Gas Pool at 16,287 - 16,314 feet.

f. Perforate the Harper Sand Gas Pool at 16,074 - 16,086 feet.

g. Produce each of the gas pools through a string of tubing 2 3/8 inches in diameter with no production being had through the production casing.

7. The Board finds that the proposed dual completion procedure complies in all respects with the Rules of this Board pertaining to dual completion, and especially does it comply with Statewide Rule 15 pertaining to multiple and dual completions.

8. The amendment of the Special Field Rules for the Holiday Creek Field so as to define one additional gas pool is in the interest of conservation and will promote and encourage the orderly drilling and development of the gas pools within the said Holiday Creek Field.

9. The dual completion procedure herein proposed will protect the rights of Petitioner and other owners within the units; will protect the correlative and co-equal rights of all parties and owners in interest in the said unit and adjacent units; will prevent waste, will promote and encourage the orderly drilling and development of the gas pools within the said Holiday Creek Field; and especially will it prevent the drilling of unnecessary wells in that two pools may be adequately produced through this single well.

IT IS, THEREFORE, ORDERED, ADJUDGED, AND DECREED THAT:

(A) The Special Field Rules for the Holiday Creek Field are amended so as to define one additional gas pool and as amended said Field Rules are re-promulgated and re-adopted and are as stated in Exhibit "B" attached hereto and made a part hereof by reference as though copied herein in full.

(B) Petitioner herein, System Fuels, Inc., is authorized to dually complete the well known as the System Fuels-ARMSTRONG WELL NO. 25-11 in the manner described in Paragraph 6 above and as depicted by Exhibit "A" attached hereto; and upon completion of the dual completion, said Petitioner is authorized to produce each gas pool as though it were being produced through a separate and individual well; said production being pursuant to the Statewide Rules for the production of gas at the depth specified and pursuant to the Special Field Rules for the Holiday Creek Field, and upon the filing with this Board of all applicable permits, reports, and forms in the payment of all applicable fees.

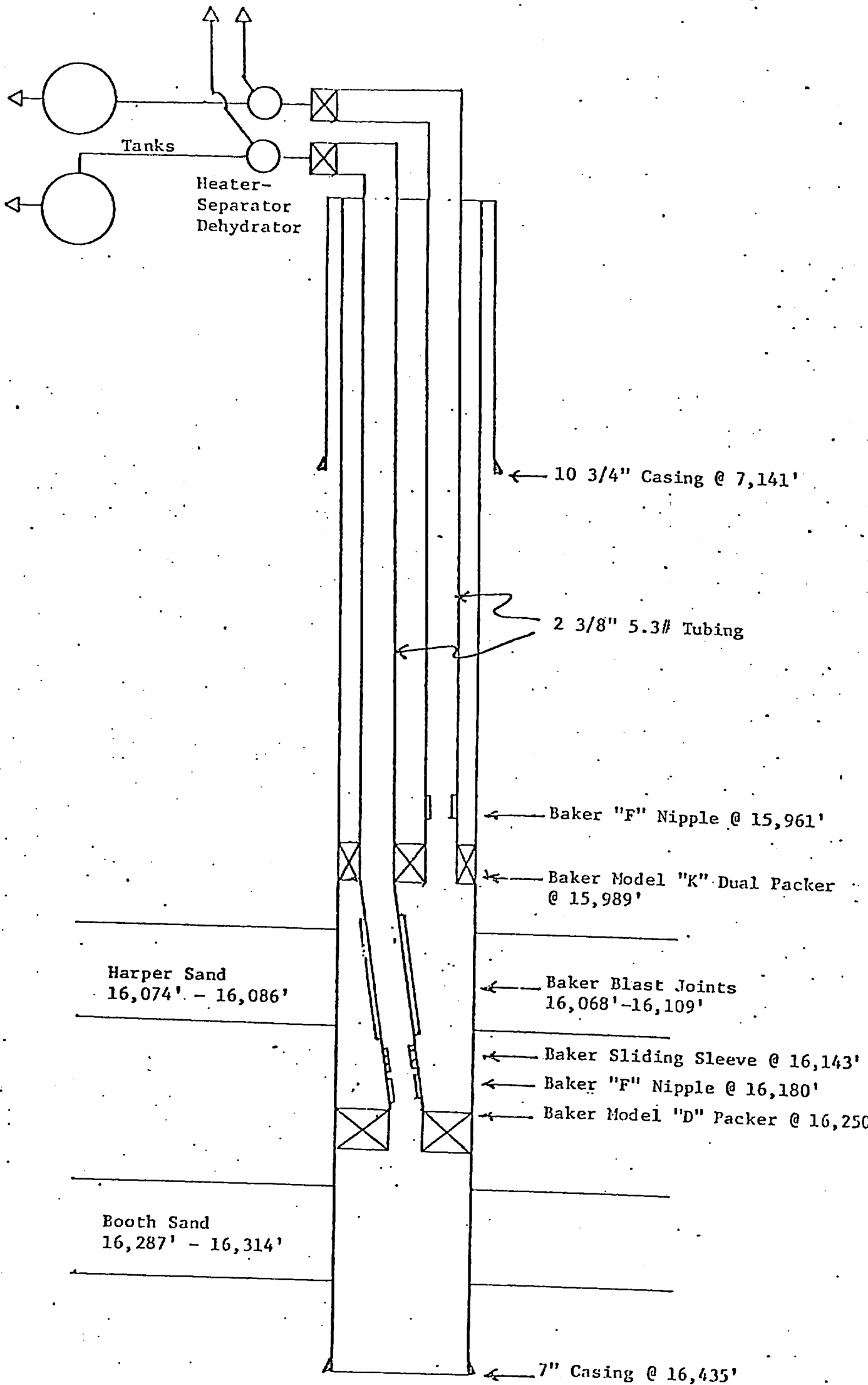
ORDERED, ADJUDGED AND DECREED this the 15th day of February, 1978.

STATE OIL AND GAS BOARD OF THE  
STATE OF MISSISSIPPI

By: Joe R. Louch, Jr.  
CHAIRMAN

Gas Sales

Oil Sales



DOWNHOLE SCHEMATIC DIAGRAM  
 SYSTEM FUELS, INC.  
 ARMSTRONG 25-11 NO. 1  
 HOLIDAY CREEK FIELD  
 JEFFERSON DAVIS COUNTY, MISSISSIPPI

EXHIBIT "B"  
AMENDED SPECIAL FIELD RULES  
FOR THE HOLIDAY CREEK FIELD,  
JEFFERSON DAVIS AND MARION COUNTIES, MISSISSIPPI

- A. The Holiday Creek Field, as used herein, is that area consisting of the following described land, to-wit:

Sections 1 and 2, Township 5 North, Range 18 West; Section 6, Township 5 North, Range 17 West; Marion County, Mississippi; Sections 19, 30, and 31, Township 6 North, Range 17 West; and Sections 23, 24, 25, 26, 35 and 36, Township 6 North, Range 18 West, Jefferson Davis County, Mississippi, underlain by the gas pools hereinafter defined, and all producible extensions thereof.

- B. (1) The Diffrient Sand Oil Pool in the Holiday Creek Field shall be construed to mean those strata productive of oil in the interval between the depths of 15,936 feet and 15,988 feet as indicated on the electric log of the First Mississippi Corporation, et al. - No. 1 Jessie P. Diffrient Well located in Section 36, Township 6 North, Range 18 West, Jefferson Davis County, Mississippi, and all correlative intervals in communication therewith.
- (2) The Booth Sand Gas Pool in the Holiday Creek Field shall be construed to mean those strata productive of gas in the interval between the depths of 16,308 feet and 16,424 feet as indicated on the electric log of the First Mississippi Corporation, et al. - No. 1 Jessie P. Diffrient Well located in Section 36, Township 6 North, Range 18 West, Jefferson Davis County, Mississippi, and all correlative intervals in communication therewith.
- (3) The Harper Sand Gas Pool of the Hosston Formation in the Holiday Creek Field shall be construed to mean those strata productive of gas in the interval between the depths of 16,070 and 16,148 feet as indicated on the electric log of the System Fuels - ARMSTRONG Well No. 25-11, located in Section 25 of Township 6 North, Range 18 West, Jefferson Davis County, Mississippi, and all correlative intervals in communication therewith.

- C. (1) The characteristics of the gas pools herein defined in said field are such that gas wells located and drilled upon drilling units containing approximately 640 acres each conforming to the requirements of the spacing rules herein prescribed will efficiently drain and produce the recoverable gas in said pool without avoidable waste.
- (2) The characteristics of the oil pool herein defined in said field are such that oil wells located and drilled upon drilling units containing approximately 80 acres each conforming to the requirements of the spacing rules herein prescribed will efficiently drain and produce the recoverable oil in said pool without avoidable waste.

#### RULE 1 - SPACING OF OIL WELLS

A. With respect to the Diffrient Sand Oil Pool, every oil well:

(1) Shall be located on a drilling unit consisting of eighty (80) surface contiguous acres, or two governmental quarter-quarter sections containing not less than seventy-two (72) acres or more than eighty-eight (88) acres, upon which no other drilling or producible well is located;

(2) Any drilling unit not composed of two governmental quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 1600 feet by 2725 feet. Provided, however, no unit shall be permitted which will create island acreage;

(3) The well shall be located at least 1,000 feet from every other drilling or producible well located in conformity with this rule; and

(4) The well shall be located at least 500 feet from every exterior boundary of the drilling unit.

#### RULE 2 -SPACING OF GAS WELLS

A. With respect to both Gas Pools, every gas well:

(1) Shall be located on a drilling unit consisting of 640 contiguous surface acres, or a governmental section containing not less than

600 acres or more than 680 acres, upon which no other drilling or producible well is located;

(2) Any gas drilling unit not a governmental section must be completely encompassed by the perimeter of a rectangle 5580 feet by 6245 feet. Provided, however, no unit shall be permitted which will create island acreage;

(3) The well shall be located at least 3000 feet from every other drilling or producible well located in conformity with this rule; and

(4) The well shall be located not less than 1,500 feet from every exterior boundary of the unit.