

FILED FOR RECORD

MAY 28 1986

THE STATE OIL AND GAS BOARD OF MISSISSIPPI

STATE OIL AND GAS BOARD
A. Richard Handerson, Supervisor

DOCKET NO. 154-86-661

ORDER NO. 233-86

ORDER

This day this cause came on for hearing on the Petition of Hughes Eastern Petroleum, Ltd. of Jackson, Mississippi, requesting the Board to adopt Special Field Rules for the North Hustler Field in Amite County, Mississippi, and the Board finds that due and legal notice of the meeting of this Board has been given in the manner and time required by law and the Rules and Regulations of this Board and that due and proper proofs of publication are on file with this Board; that the Board has full jurisdiction of the parties and the subject matter, and having heard the evidence presented and arguments of counsel, this Board is of the opinion that said Petition should be granted.

The Board further finds that Hughes Eastern Petroleum, Ltd. has recently drilled a wildcat well known as the Hughes Eastern Petroleum, Ltd. - Burris 23-7 No. 1 Well on a drilling unit described as the SW-1/4 of NE-1/4 of Section 23, Township 4 North, Range 5 East, Amite County, Mississippi; that said well was drilled to total depth of 11,325 feet pursuant to Permit No. 74 issued by the State Oil and Gas Board on July 30, 1985 at a location 1,980 feet from the East line and 1,980 feet from the North line of Section 23; that said well encountered oil and gas in commercial quantities in the Lower Tuscaloosa Formation in a highly volatile oil reservoir which Petitioner proposes to define as the Lower Tuscaloosa Oil Pool; that said well is perforated at an interval of 11,096 feet to 11,100 feet as indicated on the electric log for said well.

The Board further finds that Hughes Eastern Petroleum, Ltd. has also recently drilled its No. 1 Old South Royalty Co. 26-2 Well on a drilling unit located in the NE-1/4 of Section 26, Township 4 North, Range 5 East, Amite County, Mississippi; that said well was drilled to a total depth of 11,330 feet pursuant to

Permit No. 441, issued by this Board on March 7, 1986, at a location 1,400 feet West of the East line and 500 feet South of the North line of said Section 26; that said well has encountered oil and gas in commercial quantities in the Lower Tuscaloosa Formation in a highly volatile oil reservoir which Petitioner proposes to include in its Lower Tuscaloosa Oil Pool; that said well is perforated at an interval of 11,121 feet - 11,129 feet as indicated on the electric log for said well.

The Board further finds that Hughes Eastern Petroleum, Ltd. has also recently drilled two other wells in the area it proposed to include in the North Hustler Field, each of said wells having been drilled to the Lower Tuscaloosa Formation but these wells were not commercial wells and were abandoned as dry holes.

The Board further finds that the characteristics of said highly volatile Lower Tuscaloosa Oil Pool encountered in said wells are such that one well located on a drilling unit comprised of 160 contiguous surface acres, with a 5% more or less acreage tolerance, or a governmental quarter section containing not less than 144 acres or more than 176 acres or four contiguous governmental quarter-quarter sections whose total acreage is not less than 144 or more than 176 acres and which drilling unit is completely encompassed by the perimeter of a rectangle 2,890 feet by 3,620 feet will adequately and efficiently drain and produce the hydrocarbons in the Lower Tuscaloosa Oil Pool without avoidable waste.

The Board further finds that the productive area surrounding said wells has been officially designated as the North Hustler Field, and it is essential that Special Field Rules for this field be adopted properly defining said producing pool and the area of the field, being the S-1/2 of Section 14 and all of Sections 23 and 26, Township 4 North, Range 5 East, Amite County, Mississippi, and all productive extensions thereof.

The Board further finds that a well so located in the oil pool at 500 feet from every exterior boundary of the drilling unit and 1,000 feet from every other drilling well or well completed in or producing from the same pool will adequately and

efficiently drain and produce hydrocarbons from the pool without avoidable waste.

IT IS, THEREFORE, ORDERED AND ADJUDGED that for the prevention of physical and economic waste and the protection of the co-equal and correlative rights of all owners and parties in interest, the Special Field Rules attached hereto as Exhibit "A" are hereby adopted for the North Hustler Field in Amite County, Mississippi. These rules shall be in force and effect until the May, 1987 meeting of this Board and shall then expire unless made permanent or extended by Order of this Board.

ORDERED AND ADJUDGED this the 21st day of May, 1986.

STATE OIL AND GAS BOARD OF
MISSISSIPPI

By: 
CHAIRMAN

TEMPORARY
SPECIAL FIELD RULES
FOR THE
NORTH HUSTLER FIELD
AMITE COUNTY, MISSISSIPPI

The North Hustler Field, as used herein, is that area consisting of the following described land, to-wit:

S-1/2 of Section 14 and all of Sections
23 and 26, Township 4 North, Range 5 East,
Amite County, Mississippi,

underlain by the Lower Tuscaloosa Oil Pool, as hereinafter defined, and all productive extensions thereof.

I. The Lower Tuscaloosa Oil Pool in the North Hustler Field, Amite County, Mississippi, shall be construed to mean those strata of the Tuscaloosa Formation productive of oil at an interval of 11,029 feet to 11,172 feet as indicated on the electric log of the Hughes Eastern Petroleum, Ltd. - Burris 23-7 No. 1 Well, and all sands correlative of these strata productive of oil, said well being located 1,980 feet from the East line and 1,980 feet from the North line of Section 23, Township 4 North, Range 5 East, Amite County, Mississippi.

II. The characteristics of said Lower Tuscaloosa Oil Pool in said field are such that one well located on a drilling unit comprised of 160 contiguous surface acres, with a 5% more or less acreage tolerance, or a governmental quarter section containing not less than 144 acres or more than 176 acres or four contiguous governmental quarter-quarter sections whose total acreage is not less than 144 or more than 176 acres conforming to the requirements of the rules herein contained will adequately and efficiently drain and produce the recoverable hydrocarbons from such unit in said pool without avoidable waste.

RULE 1 - SPACING OF OIL WELLS:

Every well drilled as an oil well:

- (a) shall be located on a drilling unit consisting of 160 contiguous surface acres with a 5% more or less acreage tolerance, or a governmental quarter section containing not

less than 144 acres or more than 176 acres or 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 drilling unit formed under Rule 1(a) must be completely encompassed by the perimeter of a rectangle 2,890 feet by 3,620 feet. Provided, however, no unit shall be permitted which will create island acreage.
- (c) The well shall be located at least 1,000 feet from every other drilling or producible well in the Lower Tuscaloosa Oil Pool located in conformity with this rule; and
- (d) The well shall be located at least 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 by 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.

RULE 3 -

These rules shall be in force and effect until the May, 1987 meeting of the State Oil and Gas Board of Mississippi and shall then expire unless made permanent or extended by Order of the Board.