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STATE OIL AND GAS BOARD
Clyde R. Davis, State Oil & Gas Supervisor

THE STATE OIL AND GAS BOARD OF MISSISSIPPI

DOCKET NO. 277-77-97

ORDER NO. 422-77ORDER

This day this cause came on to be heard on the petition of Tideway Oil Programs, Inc., of Jackson, Mississippi, requesting the amendment of the Special Field Rules for the Kelly Hill Field in Wilkinson County, Mississippi, and 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 said matter has been given in the manner and way as provided by law and the rules and regulations of this Board, and 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 the subject matter to hear and determine same, and having fully considered said matter and the evidence presented, is of the opinion that the request of petitioner should be granted.

The Board further finds that petitioner has recently drilled the Tideway Oil Programs, Inc. - Johnson No. 1 Well in Section 16, Township 4 North, Range 1 West, Wilkinson County, Mississippi at the following location:

From the Southeast corner of Section 16, go Westerly along the line for 2281 feet, then Northerly at right angles for 1777 feet to location in Section 16, Township 4 North, Range 1 West, Wilkinson County, Mississippi,

and that said well has encountered four oil pools in the Wilcox Formation which are capable of producing oil in commercial quantities, namely, the First Wilcox Oil Pool, the Arnold Oil Pool, the Johnson Oil Pool, and the Vidalia Oil Pool, which oil pools have not been defined by this Board, and it is now necessary to amend the Special Field Rules for the Kelly Hill Field so as to identify and define said oil pools as encountered in said well. The Board further finds that said oil pools are separate and distinct from all other producing oil pools in the Kelly Hill Field.

IT IS, THEREFORE, HEREBY ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that in order to protect the co-equal and correlative rights of the owners in the Kelly Hill Field and for the prevention of waste, the Special Field Rules for said field should be and same are hereby amended so as to identify and define the above named oil pools, and same are hereby amended, and, as amended, are hereby adopted by the State Oil and Gas Board of Mississippi for the Kelly Hill Field in Wilkinson County, Mississippi, as set out below:

SPECIAL FIELD RULES
FOR THE KELLY HILL FIELD,
WILKINSON COUNTY, MISSISSIPPI

A. The Kelly Hill Field, as used herein, is that area in Sections 16, 17 and 18 of Township 4 North, Range 1 West, in Wilkinson County, Mississippi, and including all productive extensions thereof, which area is underlain by one or more of the following pools, to-wit:

A. The Armstrong Oil Pool, as used herein, shall be construed to mean those strata of the Wilcox Formation productive of oil from a depth of 6,548 feet to 6,558 feet in the Calto-Gulmon W. F. Johnson Well No. 3, located 1,660 feet North of the South line and 330 feet East of the West line of Section 17, Township 4 North, Range 1 West, Wilkinson County, Mississippi, and those strata productive of oil which can be correlated with this horizon.

B. The Crosby Oil Pool as used herein shall be construed to mean those strata of the Wilcox Formation productive of oil from a depth of 6,692 feet to 6,694 feet in the Humble Oil & Refining Company's W. F. Johnson-Z. N. Spruiell Well No. 1 located 1,502 feet North of the South line and 990 feet West of the East line of Section 16, Township 4 North, Range 1 West, Wilkinson County, Mississippi, and including those strata productive of oil which can be correlated with this horizon.

C. The Walker Oil Pool, as used herein, shall be construed to mean those strata of the Wilcox Formation productive of oil from a depth of 6,704 feet to 6,710 feet in the Humble Oil & Refining Company's W. F. Johnson-Z. N. Spruiell Well No. 1 located 1,502 feet North of the South line and 990 feet West of the East line of Section 16, Township 4 North, Range 1 West, Wilkinson County, Mississippi, and including those strata productive of oil which can be correlated with this horizon.

D. The Walker "B" Oil Pool, as used herein, shall be construed to mean those strata in the Wilcox Formation productive of oil from a depth of 6,749 feet to 6,776 feet ~~in the Wilcox Formation productive of oil from a depth of 6,749 feet to 6,776 feet~~ in the Pan American Petroleum Corporation - USA-J. H. Ewing Unit No. 3 Well located 330 feet North of the South line and 330 feet East of the West line of Section 17, Township 4 North, Range 1 West, Wilkinson County, Mississippi, and including those strata productive of oil which can be correlated with this horizon.

E. The First Wilcox Oil Pool, as used herein, shall be construed to mean those strata of the Wilcox Formation productive of oil from a depth of 4,742 feet to 4,752 feet in the Tideway Oil Programs, Inc. - Johnson Well No. 1 located commencing at the Southeast corner of Section 16, Township 4 North, Range 1 West, Wilkinson County, Mississippi, go Westerly along line for 2281 feet, thence Northerly at right angles for 1777 feet to well location in said Section 16, and including those strata productive of oil which can be correlated with this horizon.

F. The Arnold Oil Pool, as used herein, shall be construed to mean those strata of the Wilcox Formation productive of oil from a depth of 6136 feet to 6144 feet in the Tideway Oil Programs, Inc. - Johnson Well No. 1 located commencing at the Southeast corner of Section 16, Township 4 North, Range 1 West, Wilkinson County, Mississippi, go Westerly along line for 2281 feet, thence Northerly at right angles for 1777 feet to well location in said Section 16, and including those strata productive of oil which can be correlated with this horizon.

G. The Johnson Oil Pool, as used herein, shall be construed to mean those strata of the Wilcox Formation productive of oil from a depth of 6230 feet to 6235 feet in the Tideway Oil Programs, Inc. - Johnson Well No. 1 located commencing at the Southeast corner of Section 16, Township 4 North, Range 1 West, Wilkinson County, Mississippi, go Westerly along line for 2281 feet, thence Northerly at right angles for 1777 feet to well location in said Section 16, and including those strata productive of oil which can be correlated with this horizon.

H. The Vidalia Oil Pool, as used herein, shall be construed to mean those strata of the Wilcox Formation productive of oil from a depth of 6312 feet to 6328 feet in the Tideway Oil Programs, Inc. - Johnson Well No. 1 located commencing at the Southeast corner of Section 16, Township 4 North, Range 1 West, Wilkinson County, Mississippi, go Westerly along line for 2281 feet, thence Northerly at right angles for 1777 feet to well location in said Section 16, and including those strata productive of oil which can be correlated with this horizon.

RULE 1 - MEASUREMENT OF PRODUCTION

The operator of each producing lease shall maintain proper separation equipment and stock tanks and/or metering devices and such connections thereto as are necessary to measure the total production from such lease. Where metering devices are used, the production may be commingled in a common storage system with production

from other leases and/or fields in the vicinity. And if, upon a sale therefrom, a variance exists between the measurement from the common storage system and the total measurement of the production of all the leases commingled in such common storage system, then such variance shall be allocated back to each of the leases producing into such common storage system proportionately to the production measured from each lease.

RULE 2 - EQUIPMENT FOR TESTS

The operator of each producing lease on which there are two or more producing wells shall maintain proper separation equipment and stock tanks and/or metering devices and such connections thereto as will permit the adequate testing of each individual well under usual operating conditions without the necessity of closing in any other well. Such separation equipment, stock tanks and/or metering devices and connections thereto shall be subject to approval by the Supervisor.

RULE 3 - USE OF METERS

A. The use of meters for testing and for measurement of lease production shall be subject to and in accordance with the following provisions:

1. Metering devices shall be of the positive displacement or positive volume type which register the volume of oil passed through it in barrels or multiples thereof.
2. All meters shall be downstream of the necessary separating or treating vessels. All meters shall be designed and installed in conformance with recognized metering practices and acceptable to the Oil and Gas Board.
3. No meter used for oil production measurement shall be directly or indirectly by-passed in such manner as to permit oil from separate leases to pass into common storage without first being measured by said meter including wells on test.

4. All meters and equipment affecting meter accuracy shall be kept in good working order. Each meter shall be calibrated periodically by means of a calibrated tank, a calibrated meter prover or a master meter. Any deviations found shall be corrected by use of a proper meter factor.

RULE 4 - AUTOMATIC CUSTODY TRANSFER SYSTEMS AUTHORIZED

Automatic custody transfer systems which automatically test, sample, measure and transfer the production from the operator to the transporter are hereby authorized for the Kelly Hill Field. Such systems may be used to transfer production from individual leases or from common storage facilities as authorized in Rule 1 above. In the event the transfer is from such a common storage facility, the allocation of production to the leases being produced into such common storage system will be on the basis of the relationship of the measured production transferred by the automatic custody transfer system.

The automatic custody transfer system 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 the basic sediment and water content can be determined.

The automatic custody transfer system will be equipped with metering devices of the positive displacement or positive volume type which register the volume of oil passed through it in barrels or multiples thereof. In addition to meeting all of the requirements set out in Rule 3 above which deals with the use of meters, said automatic custody transfer metering device will be compensated for temperature, will be so equipped as to provide an accounting of the total oil transferred by such system and will have an accuracy obtained in measurements made in calibrated prover tanks.

RULE 5 -APPLICABILITY OF STATEWIDE RULES

All rules and regulations contained in Statewide Order No. 201-51, and amendments thereto, not specifically covered in the foregoing rules are hereby adopted and applied to said field.

The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any and all of the above rules and regulations.

ORDERED AND ADJUDGED this 22nd day of December, 1977.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By J. R. Fuchs, Jr.
CHAIRMAN