

OCT 30 1985

STATE OIL AND GAS BOARD
BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF ENERGY THREE, INC.,
TO ADOPT SPECIAL FIELD RULES
FOR THE KINNEY CREEK FIELD,
MONROE COUNTY, MISSISSIPPI

DOCKET NO. 330-85-631ORDER NO. 443-85ORDER

This day this cause came on for hearing on the Petition of Energy Three, Inc., to adopt Special Field Rules for the Kinney Creek Field. The Board having considered the Petition and the evidence in support thereof, and being fully advised in the premises, finds that the Petition should be granted. The Board also finds as follows:

1.

The Board has jurisdiction over the parties and the subject matter of the Petition. Due and legal notice of the hearing on the Petition has been given in the time and manner required by law and the rules and regulations of this Board.

2.

Petitioner operates the Energy Three, Inc. - Weyerhaeuser 21-1 Well No.1 (the "Well"), which is located 1040 feet from the East line and 990 feet from the North line of Section 21, Township 13 South, Range 17 West, Monroe County, Mississippi. The Well is the discovery well for the Kinney Creek Field. By virtue of the said discovery, Special Field Rules should be adopted for the field.

3.

Each of the Evans Sand Gas Pool, the Lewis Sand Gas Pool, and the Carter Sand Gas Pool, as encountered by the wells in the field, is a separate and distinct underground reservoir or pool containing a common accumulation of hydrocarbons, and each reservoir or pool is separate and distinct from and not in communication with any other accumulation of hydrocarbons.

4.

The presently known characteristics of the Evans Sand Gas Pool, the Lewis Sand Gas Pool, and the Carter Sand Gas

Pool indicate that each is a gas pool and that one well located on a drilling unit which complies with Statewide Rule 8.2. will result in a drilling unit which will include the maximum area in each pool which may be drained efficiently by one well so as to produce the reasonable maximum recoverable oil or gas in such area without waste, and that, generally, spacing of wells producing from each pool should be in accordance with Statewide Rule 8.2.

5.

The present geographical limits of the field should be defined to include Sections 15, 16, 17, 20, 21, 22, 27 and 28, Township 13 South, Range 17 West, Monroe County, Mississippi.

6.

The Special Field Rules will allow for and promote the proper and orderly development of the said pools and the field, will prevent waste, and will allow for the protection of the co-equal and correlative rights of all owners in the said pools.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Petition filed herein is granted and Special Field Rules for the Kinney Creek Field are adopted as set forth in Exhibit "A" attached hereto.

SO ORDERED AND ADJUDGED on this the 17th day of October, 1985.

STATE OIL AND GAS BOARD
OF MISSISSIPPI

BY:


CHAIRMAN

EXHIBIT "A"

SPECIAL FIELD RULES FOR THE
KINNEY CREEK FIELD, MONROE COUNTY, MISSISSIPPI

A. FIELD AREA:

The Kinney Creek Field as used herein, is that geographical area consisting of the following described lands, to-wit:

Sections 15, 16, 17, 20, 21, 22, 27 and 28, Township 13 South, Range 17 West, Monroe County, Mississippi, underlain by the gas pools hereinafter defined, and all productive extensions thereof.

B. POOL DEFINITIONS:

1.1 The Evans Sand Gas Pool in the Kinney Creek Field shall be construed to mean those strata of the Mississippian Age productive of gaseous hydrocarbons occurring between the depths of 2786 feet and 2852 feet on the Dual Induction Spherically Focused Log of the Mary Lou Lann 20-1 Well No.1 located 1108 feet from the North line and 993 feet from the East line of Section 20, Township 13 South, Range 17 West, Monroe County, Mississippi, and all strata productive of gaseous hydrocarbons which can be correlated therewith and are in communication therewith.

2.1 The Lewis Sand Gas Pool in the Kinney Creek Field shall be construed to mean those strata of the Mississippian Age productive of gaseous hydrocarbons occurring between the depths of 2964 feet and 3026 feet on the the Dual Induction Spherically Focused Log of the Mary Lou Lann 20-1 Well No.1 located 1108 feet from the North line and 993 feet from the East line of Section 20, Township 13 South, Range 17 West, Monroe County, Mississippi, and all strata productive of gaseous hydrocarbons which can be correlated therewith and are in communication therewith.

3.1 The Carter Sand Gas Pool in the Kinney Creek Field shall be construed to mean those strata of the Mississippian Age productive of gaseous hydrocarbons

occurring between the depths of 2394 feet and 2405 feet on the Dual Induction Spherically Focused Log of the Weyerhaeuser 21-1 Well No.1 located 1040 feet from the East line and 990 feet from the North line of Section 21, Township 13 South, Range 17 West, Monroe County, Mississippi, and all strata productive of gaseous hydrocarbons which can be correlated therewith and are in communication therewith.

C. RULES:

RULE 1 - SPACING OF GAS WELLS:

1.1 As to each well drilled to and productive from the Evans Sand Gas Pool, the Lewis Sand Gas Pool, and the Carter Sand Gas Pool:

- (a) Shall be located on a drilling unit consisting of 320 contiguous surface acres, or a governmental half section containing not less than 300 acres or more than 340, or eight (8) contiguous governmental quarter-quarter sections whose total acreage is not less than 300 or more than 340 acres. In any case, no other well producing from the same pool shall be located on any such unit.
- (b) Any gas drilling unit formed under this section must be completely encompassed by the perimeter of a rectangle 3735 feet by 5380 feet. Provided, however, no unit shall be permitted which will create island acreage;
- (c) The well shall be located at least 1,980 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule; and
- (d) The well shall be located not less than 990 feet from every exterior boundary of the unit.

RULE 2 - APPLICABILITY OF STATEWIDE RULES:

2.1 All rules and regulations contained in Statewide Order No. 201-51, and any amendments thereto, not specifically covered in the foregoing Special Field Rules are hereby adopted and shall apply to said field.

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

SOURCE: ORDER NO. 443-85, DATED October 17, 1985,
DOCKET NO. 330-85-631