

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF SPOONER PETROLEUM COMPANY TO AMEND THE SPECIAL FIELD RULES TO PROVIDE FOR 640 ACRE SPACING AND FOR INCREASED DENSITY WELLS IN THE PALUXY OIL POOLS IN THE KOKOMO-DARBUN FIELD, WALTHALL COUNTY, MISSISSIPPI

FILED FOR RECORD

JUN 23 2010

STATE OIL AND GAS BOARD  
LISA IVSHIN, SUPERVISOR

DOCKET NO. 178-2010-D

ORDER NO. 297-2010

**ORDER**

THIS CAUSE came to be heard on the Petition of Spooner Petroleum Company (“Petitioner”) requesting the Board to amend the Special Field Rules to provide for 640 acre spacing and for increased density wells in the Paluxy Oil Pools in the Kokomo-Darbun Field, Walthall County, Mississippi; and

WHEREAS, the Board finds 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 required by the rules and regulations of the Board; that due, legal, and sufficient proofs of publication and service 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, a public hearing was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on May 19, 2010, at 10:00 o’clock a.m. at which hearing all persons present who desired to be heard on said matter were heard and all testimony and the 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.

Petitioner drilled a well in the Field known as No. 1 McDonald 26-6 Well (“the Well”). The Special Field Rules for the Field were last adopted or amended in this Field in Docket No. 87-93-149, Order No. 123-93. Since the Well was drilled below 12,000 feet, Petitioner drilled it on 640 acre spacing. Since that date the well has produced from the Paluxy Formation at a rate of approximately 600 MCFPD. The Well has produced approximately .4 BCF. Wells in the Field were drilled and produce from the same zones on

640 acre spacing. Accordingly, no unit will need to be reformed.

2.

Petitioner seeks authority to amend the rules to provide 640 acre spacing and provide increased density rules for the Paluxy, Upper Paluxy, and Lower Paluxy Gas Pools (the "Pools") for each unit in the Field and to adopt appropriate well spacing rules. All of the Pools are below 12,000 feet.

3.

Increased density wells in the existing 640 acre units are necessary to recover additional gas which would not be recovered by a single well. The Pools are lenticular that come and go throughout the Field. This means that one well will not efficiently drain any of the Pools. Furthermore, the Lower Paluxy Gas Pool is tight and may need fracture treatment. Increased density wells are necessary as well as a change in the well spacing. Therefore, for engineering reasons, the Special Field Rules should be amended to redefine the spacing and to allow up to two increased density wells in each of the Pools for each unit. The increased density wells are the best possible manner to produce additional gas to protect the co-equal and correlative rights of all owners in the common source or supply.

4.

Petitioner avers that the amendment to the Special Field Rules promotes conservation, protects the co-equal and correlative rights of all owners of all owners in interest, avoids the drilling of unnecessary wells and permits gas and condensate to be produced which would not otherwise be recoverable.

**IT IS, THEREFORE, ORDERED AND ADJUDGED** by the State Oil and Gas Board of Mississippi that the Special Field Rules for the Kokomo-Darbun Field shall be and hereby are amended as follows:

**SPECIAL FIELD RULES  
KOKOMO-DARBUN FIELD  
WALTHALL COUNTY, MISSISSIPPI**

**A. FIELD AREA:**

The Kokomo-Darbun Field, as used herein, is that area consisting of the following lands in Walthall County, Mississippi, to wit:

**TOWNSHIP 3 NORTH, RANGE 11 EAST**

Sections: 13, 14, 15, 22, 23, 24, 25, 26, 27, 34, 35 and 36

**TOWNSHIP 2 NORTH, RANGE 11 EAST**

Sections: 1, 2, 3, 10 and 11

Including all productive extensions thereof underlain by the Paluxy Gas Pool, the Upper Paluxy Gas Pool and the Lower Paluxy Gas Pool.

**B. POOL DEFINITIONS:**

(1) The Paluxy Gas Pool, as used herein, shall be construed to mean those strata of the Paluxy Formation productive of gas and producing from the interval in the Paluxy from 12,889 feet to 13,055 feet in the Sun Oil Company--J.O. McDonald Well No. 1, located in the SE/4 of the NW/4 of Section 26, Township 3 North, Range 11 East, Walthall County, Mississippi, and including those productive strata which are interconnected and can be correlated therewith.

(2) The Upper Paluxy Gas Pool, as used herein, shall be construed to mean those strata of the Paluxy Formation productive of gas and producing from the interval in the Paluxy from 12,600 feet to 12,650 feet in the Wiley Fairchild--No. 1 Needham Jones Estate Well located 1,500 feet south of the North line and 1,500 feet east of the West Line of Section 1, Township 2 North, Range 11 East, Walthall County, Mississippi, and including those productive strata which are interconnected and can be correlated therewith.

(3) The Lower Paluxy Gas Pool, as used herein, shall be construed to mean those strata of the Paluxy Formation productive of gas and producing from the interval in the Paluxy from 13,055 feet to 13,450 feet in the Sun Oil Company--J. O. McDonald Well No. 1 located in the SE<sup>1</sup>/<sub>4</sub> of the NW<sup>1</sup>/<sub>4</sub> of Section 26, Township 3 North, Range 11 East, Walthall County, Mississippi, and including those productive strata which are interconnected and can be correlated therewith.

**C. RULES:**

**RULE 1 - SPACING FOR GAS WELLS:**

Every well drilled as a gas well to the Paluxy Gas Pool, the Upper Paluxy Gas Pool or the Lower Paluxy Gas Pool:

(a) Shall be located on a drilling unit consisting of (1) 640 contiguous surface acres; or (2) a governmental section containing not less than 600 acres or more than 680 acres; or (3) sixteen (16) contiguous governmental quarter-quarter sections whose total acreage is not less than 600 acres or more than 680 acres.

(b) Any gas drilling unit formed under Section 1(a) above must be completely encompassed by the perimeter of a rectangle 5,580 feet by 6,245 feet. Provided, however, no unit shall be permitted which will create island acreage.

(c) Each well shall be located at least 1,000 feet from every other drilling gas well or gas well completed in or producing from the same pool located in conformity with this rule; and

(d) Each well shall be located not less than 750 feet from every exterior boundary of the drilling unit.

(e) Each gas unit may contain up to two (2) producing wells in each of the Paluxy Gas Pool, the Upper Paluxy Gas Pool and the Lower Paluxy Gas Pool.

(f) Increased density wells may be measured on a unit rather than an individual well basis.

(g) Any unit that is integrated for an initial well under Miss. Code Ann. § 53-3-7(1) shall remain integrated for an increased density well under Miss. Code Ann. § 53-3-7(1) for “regular charges” without the necessity to file an additional docket.

#### RULE 2 -- RATABLE TAKE:

(a) Each person now or hereafter engaged in the business of purchasing oil or gas from owners, operators, or producers in this field shall purchase the same without discrimination in favor of one owner, operator or producer as against another in the same common source of supply; and

(b) No owner, operator, or producer of oil or gas shall abuse correlative rights of any other owner, producer, or operator in a common source of supply of oil or gas by causing disproportionate or unratable withdrawals therefrom or by causing undue drainage between tracts or units, resulting in one or more owners, producers, or operators producing or withdrawing more than his or their just and equitable share from said common source of supply, allowance to be made for deficient wells.

#### RULE 3 -- APPLICABILITY OF STATEWIDE RULES:

3.1 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.

3.2 The Board expressly reserves the right after notice and hearing to alter, amend or repeal any and all of the foregoing Rules and Regulations.

**\*\*\*End of Special Field Rules\*\*\***

SOURCE: Order No. 79-78, dated February 15, 1978, in Docket No. 57-78-249; Order No. 123-93; Docket No. 87-93-149; Docket No. 178-2010-D.

**IT IS FURTHER ORDERED AND ADJUDGED** that this Order shall be in force and effect from and after May 19, 2010.

**IT IS FURTHER ORDERED AND ADJUDGED** that Petitioner shall acquire any other permits, if any, required by any other permitting authority.

**ORDERED AND ADJUDGED** this 3<sup>rd</sup> day of June, 2010.

STATE OIL AND GAS BOARD OF  
MISSISSIPPI



CHAIRMAN

**Prepared By:**

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