

THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF ENRON OIL & GAS
COMPANY TO AMEND THE SPECIAL FIELD
RULES FOR THE KOKOMO-DARBUN FIELD,
WALTHALL COUNTY, MISSISSIPPI

MAY 7 1993

STATE OIL AND GAS BOARD
W. Edward Johnson, Supervisor

DOCKET NO. 87-93-149

ORDER NO. 123-93

ORDER

THIS DAY THIS CAUSE came on for hearing on the Petition of Enron Oil & Gas Company, qualified to do and doing business in the State of Mississippi, to amend Special Field Rules for the Kokomo-Darbun Field, Walthall County, Mississippi, and the Board having considered the Petition and the evidence in support thereof, and being fully advised in the premises, is of the opinion and finds that the Petition should be and is hereby granted. The Board further finds as follows:

This 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.

The Petitioner has filed Petitions in two separate dockets requesting, among other things, that the Board establish 320 acre units for production of gas from any gas pool in the Paluxy Formation encountered in its Packwood 23-16 Well No. 1 and its Brown 25-5 Well No. 1 (See Docket Nos. 88-93-149 and 89-93-149). Special Field Rules for the Paluxy Gas Pool, the Upper Paluxy Gas Pool, and the Lower Paluxy Gas Pool in the Kokomo-Darbun Field, Walthall County, Mississippi were adopted as last amended by Order No. 79-78 entered by this Board on February 15, 1978 in Docket No. 57-78-249, and pursuant to the existing Special Field Rules for said field, production from any gas pool in the Paluxy Formation is currently spaced on 640 acre units.

At this time, only two wells continue to produce from the Paluxy Formation in the Kokomo-Darbun Field, being the J. R. Pounds, Inc. -- Gartman Well No. 1, located in Section 36, Township

3 North, Range 11 East, and the Roundtree & Associates, Inc. -- Walker 1-11 Well No. 1 located in Section 1, Township 2 North, Range 11 East. The other wells formerly productive of gas from the Paluxy Formation in the Kokomo-Darbun Field are now plugged and abandoned, and Petitioner has requested that the Special Field Rules for Kokomo-Darbun Field be amended to provide for, among other things, 320 acre units for production of gas from any pool in the Paluxy Formation.

The Board further finds that due to drainage from wells formerly productive of gas from the Paluxy Formation which have now been plugged, future wells to be drilled in the Paluxy Formation in this field will drain no more than 320 acres, and that the proposed Amended Special Field Rules for the Kokomo-Darbun Field will allow for and promote the proper and orderly development of the Paluxy Gas Pool, the Upper Paluxy Gas Pool and the Lower Paluxy Gas Pool as defined herein and the field, will prevent waste in that the drilling of unnecessary wells will be avoided and gas will be produced from the Paluxy Formation which would not otherwise be produced, and will allow for the protection of the co-equal and correlative rights of all interested parties.

The Board further finds that the Amended Special Field Rules for the Kokomo-Darbun Field as proposed by Petitioner should not apply retroactively to the two wells currently producing from the Paluxy Formation in said field, on 640 acre units, namely the J. R. Pounds, Inc. -- Gartman Well No. 1 and the Roundtree & Associates, Inc. -- Walker 1-11 Well No. 1 referenced hereinabove.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil And Gas Board of Mississippi that Special Field Rules for the Kokomo-Darbun Field are hereby adopted in the form as set forth on Exhibit "A" hereto, to take effect on and after April 21, 1993.

ORDERED AND ADJUDGED, this the 21st day of April, 1993.

STATE OIL AND GAS BOARD OF MISSISSIPPI

BY: Joseph J. Juarez
CHAIRMAN

EXHIBIT "A"

SPECIAL FIELD RULES
FOR
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/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.

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) 320 contiguous surface acres; or (2) a governmental half-section containing not less than 300 acres or more than 340 acres; or (3) eight (8) contiguous governmental quarter-quarter sections whose total acreage is not less than 300 acres or more than 340 acres. In any case, no other drilling or producing well from the same pool shall be located on any such unit.

(b) Any gas drilling unit formed under Section 1(a) above must be completely encompassed by the perimeter of a rectangle 3,735 feet by 5,380 feet. Provided, however, no unit shall be permitted which will create island acreage.

(c) Each well shall be located at least 1,320 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 660 feet from every exterior boundary of the drilling unit.

(e) Section 1(a) and (b) hereinabove shall not apply to or affect the following wells:

Roundtree & Associates, Inc.--Walker 1-11 Well No. 1 located in Section 1, Township 2 North, Range 11 East, Walthall County, Mississippi.

J.R. Pounds, Inc.--Gartman Well No. 1 located in Section 36,
Township 3 North, Range 11 East, Walthall County, Mississippi

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