

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF SPOONER PETROLEUM COMPANY
TO AMEND THE SPECIAL FIELD RULES FOR
THE MAXIE FIELD, FORREST COUNTY, MISSISSIPPI

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JAN 0 8 2000

STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR

DOCKET NO. 450-2000-53

ORDER NO. 710-2000

ORDER

THIS CAUSE came to be heard on the Petition of Spooner Petroleum Company ("Petitioner") requesting the Board to amend the Special Field Rules for the Maxie Field, Forrest 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 December 20, 2000, at 9:30 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 is a current operator of several Selma Chalk wells located in the Field.

2.

Special Field Rules for pools in the Field, were adopted as last amended, by Order of this Board No. 192-91 in Docket No. 124-91-53 filed for record on May 29, 1991. This Petition relates strictly to the Selma Chalk Gas Pool which is being defined as that certain strata of the Upper Cretaceous Selma Chalk Formation productive of gas between the electric log measurements of 5,918 feet to 7,000 feet in the Laura Walters 8-11 No. 1 Well located 1422.5 feet from the South line and 1,320 feet from the East line of Section 8, Township 1 South, Range 12 West, Forrest County, Mississippi and all such strata correlative thereto.

3.

The Selma Chalk Gas Pool, pursuant to the Statewide Rules, is currently spaced on 320 acre units. Because of the extremely low permeability in the Selma Chalk Gas Pool, Wells drilled to the formation are marginal producers at their best. Based upon production history, diamond core analysis, and engineering calculations, the Board finds that the Selma Chalk Wells will not adequately drain any more than 20 acres.

4.

The Board finds that the Special Field Rules should be amended to retain 320 acre units, but allow additional increased density wells for each 320 acre unit with up to 16 wells being allowed per unit with no reduction in allowable for each well. In this manner, additional drilling would be promoted which would result in the producible gas underlying each unit to be adequately and reasonably recovered which will not otherwise occur. Without this Amendment, producible reserves

for this formation will be left in the ground and not recovered. This Amendment will prevent the necessity to reform the existing units to smaller sized units which could have resulted in some owners being left out of unit production. Because of the tight formation characteristics of this reservoir, no other production pattern would adequately develop or produce these reserves. Finally, as requested by the Amended Special Field Rules will not cause uncompensated drainage between tracts because of the low permeability of the Selma Chalk Gas Pool.

5.

As noted above, Petitioner operates several wells in the Selma Chalk Gas Pool. These wells are extremely marginal gas producers which currently average approximately 100 MCF per day. Therefore, to operate profitably, Petitioner also seeks to reform the Special Field Rules to forego running any electrical logs on chalk wells drilled in the Field. The logs are unnecessary and simply add more cost to be recovered from low volume production. Eliminating this cost may cause the drilling of numerous additional wells. Further, Petitioner seeks to measure production on a unit, not an individual well basis, but production shall be allocated back to each individual Well.

6.

The amendment of the existing Special Field Rules as set forth herein will promote conservation, protect the co-equal and correlative rights of all owners in interest, avoid the drilling of unnecessary wells and permit gas to be produced from the Selma Chalk Gas Pool which would not otherwise be produced.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the Special Field Rules for the Maxie Field are hereby amended as follows:

**SPECIAL FIELD RULES
FOR THE MAXIE FIELD
FORREST COUNTY, MISSISSIPPI**

A. FIELD AREA

The Maxie Field, as used herein, is that geographical area comprised of the following described lands, as underlain by the hereinafter defined pools and all productive extensions thereof:

**Forrest County, Mississippi
Township 1 North, Range 12 West**

Section 27: All

Section 28: All

Section 29: All

Section 30: All

Section 31: All

Section 32: All

Section 33: All

Section 34: All

Township 1 North, Range 13 West

Section 36: All

Township 1 South, Range 13 West

Section 1: All

Section 2: All

Section 3: Lots 1 - 16

Section 11: All

Section 12: All

Section 13: All

Township 1 South, Range 12 West

Section 3: All

Section 4: All

Section 5: All

Section 6: All

Section 7: All

Section 8: All

Section 9: All

Section 10: All

Section 17: All

Section 18: All

Including all productive extensions thereof, and which area is underlain by the Eutaw Gas Producing Pool, the Upper Tuscaloosa Gas Producing Pool, the Lower Tuscaloosa LT-1, LT-2 and LT-3 Gas Producing Pools, the "4150 foot" Wilcox Gas Producing Pool, the "4400 foot" Wilcox Gas Producing Pool, and the "4700 foot" Wilcox Gas Producing Pool.

B. POOL DEFINITIONS

1. The Eutaw Gas Pool as used herein shall be construed to mean those strata of Eutaw Formation productive of gas in the interval 7,015 to 7,340 feet in the Ohio Company Oil Company - Coleman & Powe A/C No. 1 Well located 1,660 feet South and 990 feet east of the Northwest Corner of Section 5, Township 1 South, Range 12 West, Forrest County, Mississippi are correlatives of these strata and other wells to said interval.
2. The Upper Tuscaloosa Gas Pool is construed to mean those strata productive of gas and condensate in the interval of 7,358 feet to 7,765 in the Ohio Company Oil Company - Coleman & Powe A/C No. 1 Well, located 1,660 feet South and 990 feet East of the Northwest Corner of Section 5, Township 1 South, Range 12 West, Forrest County, Mississippi and all correlatives of this pool and other wells to said

interval.

3. The Lower Tuscaloosa LT-1 Gas Pool is construed to mean that Sand interval between the depths of 7,917 feet and 7,959 feet as indicated in the Ohio 011 Company - Coleman & Powe A/C No. 1 Well and all correlatives thereof.
4. The Lower Tuscaloosa LT-2 Gas Pool is construed to mean that Sand interval between the depths of 8,023 feet and 8,035 feet as indicated in the Ohio 011 Company - Coleman & Powe A/C No. 1 Well and all correlatives thereof.
5. The Lower Tuscaloosa LT-3 Gas Pool is construed to mean that Sand interval between the depths of 8,079 feet and 8,155 feet as indicated in the Ohio Oil Company - Coleman & Powe A/C No. 1 Well and all correlatives thereof.
6. The "4150 foot" Wilcox Gas Pool as used herein shall be construed to mean those strata in the Wilcox Formation productive of gas and condensate in the interval of 4,152 feet to 4,160 feet in Marathon Oil Company's Unit SW 41, Well No. 1-E, located 2,854 feet North and 1,110 feet East of the Southwest Corner of Section 12, Township 1 South, Range 13 West, Forrest County, Mississippi and points correlative thereto in other wells to said interval.
7. The "4400 foot" Wilcox Gas Pool as used herein shall be construed to mean those strata in the Wilcox formation productive of gas and condensate in the interval of 4405 feet to 4425 feet in Marathon Oil Company's Unit SW 41, Well No. 3-W located 2,831 feet North and 1,045 feet East of the Southwest Corner of Section 12, Township 1 South, Range 12 West, Forrest County, Mississippi and points correlative thereto in other wells to said interval.
8. The "4700 foot" Wilcox Gas Pool as used herein shall be construed to mean those strata in the Wilcox Formation productive of gas and condensate in the interval of 4650 feet to 4720 feet in Marathon Oil Company's Unit SW 41, Well No. 2-W located 2,900 feet North and 990 feet East of the Southwest Corner of Section 12, Township 1 South, Range 12 West, Forrest County, Mississippi and points correlative thereto in other wells to said interval.
9. The Selma Chalk Formation as used herein shall be construed to mean those strata in the Formation productive of gas and condensate in the interval of 5,928 feet to 7,000 feet in Laura Walters 8-11 No. 1 Well located 1422.5 feet North and 1,320 feet East of the Southwest corner of Section 8, Township 1 South, Range 12 West, Forrest County, Mississippi and points correlative thereto in other wells to said interval.

C. SPACING

1. With respect to the Eutaw Gas Producing Pool, the Upper Tuscaloosa Gas Producing Pool and the LT-1, LT-2 and LT3 Lower Tuscaloosa Gas Producing Pools, each, respectively, characteristics of said pools of such in evidence shows that the gas well located in conformity of Rule 8 and Statewide Order No. 201-51 of land consisting of approximately 320 contiguous surface acres will adequately drain, efficiently produce, and economically recover, the production thereupon without avoidable waste.
2. Notwithstanding any other rule or provision contained in these Special Field Rules all units in the Field which have been permitted or on which there are now producing a producible well are hereby approved and confirmed.
3. The Board expressly reserves the right, after notice and hearing, to alter, amend or appeal any or all of the foregoing rules and regulations contained herein, or to grant exceptions to all or any of them.
4. The following increased density rules shall apply solely with respect to the Selma Chalk Gas Pool, as defined under Rule B. (9) hereinabove:
 - (a) Each 320 acre gas unit may contain up to 16 producing wells from the Selma Chalk Gas Pool;
 - (b) Each well within such unit shall be at least 600 feet from every other producing well in the same unit;
 - (c) Each well within such unit shall be located at least 300 feet from each exterior boundary of the drilling unit;
 - (d) Each increased density well shall be granted a full allowable for production.

D. PRODUCTION TUBING

As to the Selma Chalk Gas Pool, each flowing gas well may be produced without production tubing as an exception to Statewide Rule 18 and any other applicable rules, provided that the operator thereof takes proper measures to protect against any undue hazard both underground and at the surface.

E. SELMA CHALK LOGGING REQUIREMENTS

As to any well drilled solely to test the Selma Chalk Gas Pool, the Operator of each such well may elect, without obtaining any further approval, to forego running any and all electrical logs. In the event perforating logs are run, such logs shall be provided to the Board.

F. MEASUREMENT - SELMA CHALK GAS POOL

As to any well drilled solely to test the Selma Chalk Gas Pool, all wells on one unit may be centrally measured on an unit, not individual well basis, but all production shall be allocated back to each individual well and all reports shall allocate production on an individual well basis.

G. APPLICABILITY OF STATEWIDE RULES

1. All statewide rules and regulations of this Board, and any amendments thereto, not specifically covered in the foregoing Special Field Rules, are hereby adopted and shall apply in said Field.
2. These rules and regulations shall become effective as of the effective date of the order adopting these rules.

END OF SPECIAL FIELD RULES

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after December 20, 2000.

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 4th day of January, ²⁰⁰¹2000.

STATE OIL AND GAS BOARD OF
MISSISSIPPI

1st Joseph Zaccaro
CHAIRMAN

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