

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF EOG RESOURCES, INC. TO AMEND THE SPECIAL FIELD RULES TO CHANGE THE SPACING FOR GAS WELLS AND TO ALLOW TWO WELLS IN THE UPPER COTTON VALLEY AND LOWER COTTON VALLEY GAS POOLS IN EACH INDIVIDUAL UNIT FOR THE MECHANICSBURG FIELD, YAZOO COUNTY, MISSISSIPPI

FILED FOR RECORD

OCT - 1 2007

STATE OIL AND GAS BOARD  
LISA IVSHIN, SUPERVISOR

DOCKET NO. 377-2007-496

ORDER NO. 682-2007

**ORDER**

**THIS CAUSE** came to be heard on the Petition of EOG Resources, Inc. ("Petitioner") requesting the Board to amend the Special Field Rules to change the spacing for gas wells and to allow two wells in the Upper Cotton Valley and Lower Cotton Valley Gas Pools in each individual unit for the Mechanicsburg Field, Yazoo 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 September 19, 2007, 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 plans to drill wells in the Field. The Special Field Rules for the Field were last adopted or amended in this Field in Docket No. 338-83-496, Order No. 470-83.

2.

Petitioner seeks authority to allow up to two increased density wells in the Upper Cotton Valley and Lower Cotton Valley Gas Pools (the "Pools") for each unit and to change the spacing to 640 acres for each unit.

3.

Numerous wells have been drilled wells in this Field, many of which have penetrated the Pools in question. Increased density wells in the 640 acre units are necessary to recover additional gas which would not be recovered by a single well. Therefore, for engineering reasons, the Special Field Rules should be redefined to provide 640 acre spacing and to allow up to two increased density wells in 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.

The Special Field Rules as set forth in Exhibit "A" 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 oil and gas 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 Mechanicsburg Field shall be and hereby are amended as follows:

**AMENDED SPECIAL FIELD RULES  
FOR THE MECHANICSBURG FIELD  
YAZOO COUNTY, MISSISSIPPI**

A. Mechanicsburg Field as used herein is the area in Sections 3, 4, 5, 8, 9 and 10, Township 9 North, Range 3 West, Yazoo County, Mississippi, and including all productive extensions thereof, underlain by the following described pools, to-wit:

- (1) The Upper Cotton Valley Gas Pool, as used herein, shall be construed to mean those strata of the Cotton Valley Formation productive of gas from the depths of 11,690 feet to 11,910 feet as shown by the electrical log of the Cardell-Tlapek Company - Williams Estate No. 2 Well located 990 feet from the North line and 1380 feet from the West line of Section 9, Township 9 North, Range 3 West, Yazoo County, Mississippi, and including those strata productive of gas which can be correlated therewith.
- (2) The Lower Cotton Valley Gas Pool, as used herein shall be construed to mean those strata of the Cotton Valley Formation productive of gas from the depths of 11,910 feet to 12,690 feet as shown by the electrical log of the Cardell-Tlapek Company - Williams Estate No. 2 Well located 990 feet from the North line and 1380 feet from the West line of Section 9, Township 9 North, Range 3 West, Yazoo County, Mississippi, and including those strata productive of gas which can be correlated therewith.
- (3) The Williams Sand Oil Pool as used herein, shall be construed to mean those strata of the Cotton Valley Formation productive of oil from the depth of 11,470 feet to 11,482 feet in the Cardell-Tlapek Company - Williams Estate No. 1 Well, as shown by the electrical log thereof, said well being located 815 feet from the North line and 1752 feet from the West line of Section 9, Township 9 North, Range 3 West, Yazoo County, Mississippi, and including those strata productive of oil which can be correlated therewith.

B. The characteristics of the above mentioned oil pool are such that one well drilled on a regularly formed drilling unit conforming to the requirements of the rules herein contained will efficiently drain and produce the recoverable oil from such unit in said pool without avoidable waste.

C. RULES

RULE 1 - SPACING OF GAS WELLS:

Every well drilled as a gas well in the Upper Cotton Valley Gas Pool and the Lower Cotton Valley Gas Pool:

- (a) Shall be located on a drilling unit consisting of 640 contiguous surface acres, (ii) or a governmental section containing not less than 600 acres or more than 680 acres, (iii) or 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 not a governmental section 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 or producible gas well in the same pool located in conformity with this rule; and,
- (d) Each well shall be located not less than 990 feet from every exterior boundary of the drilling unit.
- (e) Each gas unit may contain up to two (2) producing wells.

RULE 2 - SPACING OF OIL WELLS:

Every well drilled as an oil well:

- (a) Shall be located on a drilling unit consisting of eighty (80) surface contiguous acres, or two governmental quarter-quarter sections containing not less than seventy-two (72) acres or more than eighty-eight (88) acres, upon which no other drilling -or producible well in the same pool is located;
- (b) Any drilling unit not composed of two governmental quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 1600 feet by 2725 .feet. Provided, however, no unit shall be permitted which will create island acreage;
- (c) The well shall be located at least 1,000 feet from every other drilling or producible oil well in the same pool located in conformity with this rule; and
- (d) The well shall be located at least 500 feet from every exterior boundary of the drilling unit.

RULE 3 - APPLICABILITY OF STATEWIDE RULES:

A. 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.

B. 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 \*\*\*

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after September 19, 2007.

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 1st day of October, 2007.

STATE OIL AND GAS BOARD OF  
MISSISSIPPI



D. A. Stitt

CHAIRMAN

**Prepared By:**

William F. Blair  
BLAIR & BONDURANT, P.A.  
Post Office Box 321423  
Jackson, MS 39232  
(601) 992-4477 - Telephone  
(601) 992-9189 - Telecopier