

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF OXY USA INC. TO AMEND THE
SPECIAL FIELD RULES FOR NORTH MUD CREEK
FIELD, WILKINSON COUNTY, MISSISSIPPI

FILED FOR RECORD

AUG 8 1991

STATE OIL AND GAS BOARD

DOCKET NO. 205-91-243

ORDER NO. 295-91

ORDER

THIS DAY this matter came on for hearing before the State Oil and Gas Board on the Petition of OXY USA Inc. to amend the Special Field Rules of North Mud Creek Field to establish spacing requirements for the fieldwide unit and allocation of production between the fieldwide unit and individual drilling units, such hearing being called for such purpose; and

WHEREAS, the Board finding 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 and way provided by law and the rules and regulations of the law, and that due, legal and sufficient proofs of publication 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 given, public hearing was held by said Board at the hearing room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on July 17, 1991, at which hearing all persons present who desired to be heard on said matter were heard and all testimony and 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. Special Field Rules were adopted for North Mud Creek Field by Order No. 260-66, Docket No. 212-66-243, dated November 16, 1966. Said field rules were subsequently

amended by Order No. 308-66, Docket No. 255-66-243, dated December 21, 1966.

2. In Docket No. 159-91-243, the Board authorized the establishment of the North Mud Creek Field Unit for additional, enhanced recovery development in this field. Therefore it is necessary to amend the Special Field Rules to establish spacing requirements for the fieldwide unit and allocation of production between the fieldwide unit and individual drilling units, if any should remain or be subsequently developed.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules for North Mud Creek Field be and are hereby amended to read as follows:

SPECIAL FIELD RULES FOR THE NORTH MUD CREEK FIELD

WILKINSON COUNTY, MISSISSIPPI

- A. North Mud Creek Field shall be defined to include those portions of Sections 10, 11, 12, 13 and 14, Township 3 North, Range 1 West, Wilkinson County, Mississippi underlain by productive intervals of the McKittrick Sand Oil Pool of the Wilcox Formation and all productive extensions thereof.
- B. The McKittrick Sand Oil Pool shall be construed to mean those strata of the Wilcox Formation productive of oil from the depth of 6,998 feet to 7,034 feet in the H. D. Baker, J. W. Haddox, T. G. Bateman-Ashley No. 1 Unit Well, located in the NE 1/4 of the NE 1/4 of Section 14, Township 3 North, Range 1 West, Wilkinson County, Mississippi, and including those strata productive of oil which can be correlated therewith.
- C. The North Mud Creek Unit is that portion of the following lands underlain by the McKittrick Sand Oil Pool:

Beginning at the Southeast corner of Section 10, Township 3 North, Range 1 West, Wilkinson County, MS; run thence Westerly along the South line of said Section 10 for 650.0 feet, more or less; thence Northerly and parallel to the East line of said Section 10 for 2017.6 feet, more or less; thence Easterly and parallel to the South line of said Section 10 for 650.0 feet, more or less; thence Northerly along the West line of Section 11, Township 3 North, Range 1 West, Wilkinson County, MS for 681.9 feet, more or less; thence Easterly along the North line of the South Half of said Section 11 for 4175.0 feet, more or less; thence Southerly along the East line of the Northwest Quarter of the Southeast Quarter of said Section 11 for 667.6 feet, more or less; thence Easterly along the North line of

the Southwest Quarter of the Northeast Quarter of the Southeast Quarter of said Section 11 for 693.6 feet, more or less; thence Southerly along the East line of the Southwest Quarter of the Northeast Quarter of the Southeast Quarter of said Section 11 for 665.6 feet, more or less; thence Easterly along the North line of the Southeast Quarter of the Southeast Quarter of said Section 11 for 687.5 feet, more or less; thence Southerly along the East line of said Section 11 for 660.8 feet, more or less; thence Easterly and parallel to the South line of Section 12, Township 3 North, Range 1 West, Wilkinson County, MS for 663.6 feet, more or less; thence Southerly and parallel to the West line of said Section 12 for 666.5 feet, more or less; thence Easterly along the North line of Section 13, Township 3 North, Range 1 West, Wilkinson County, MS, for 708.0 feet, more or less; thence Southerly along the East line of the Northwest Quarter of the Northwest Quarter of said Section 13 for 1323.0 feet, more or less; thence Easterly along the North line of the Southeast Quarter of the Northwest Quarter of said Section 13 for 1373.5 feet, more or less; thence Southerly along the East line of the West Half of said Section 13 for 2646.9 feet, more or less; thence Westerly along the South line of the North Half of the Southwest Quarter of said Section 13 for 2757.3 feet, more or less; thence Westerly along the South line of the Northeast Quarter of the Southeast Quarter of Section 14, Township 3 North, Range 1 West, Wilkinson County, MS for 1328.1 feet, more or less; thence Northerly along the West line of the Northeast Quarter of the Southeast Quarter of said Section 14 for 1317.3 feet, more or less; thence Westerly along the South line of the Northeast Quarter of said Section 14 for 1336.6 feet, more or less; thence Northerly along the West line of the Northeast Quarter of said Section 14 for 1315.4 feet, more or less; thence Westerly along the South line of the North Half of the Northwest Quarter of said Section 14 for 2686.4 feet, more or less; thence Northerly along the West line of said Section 14 for 1316.1 feet, more or less, to the point of beginning, being situated in Sections 10, 11, 12, 13 and 14, Township 3 North, Range 1 West, Wilkinson County, MS and containing 839.6 acres, more or less.

RULE 1 - SPACING OF OIL WELLS IN DRILLING UNITS

Every well completed in the McKittrick Sand Oil Pool which is not included within the North Mud Creek Field Unit:

- (a) Shall be located on a drilling unit consisting of at least 40 surface contiguous acres upon which no other drilling or producible well is located;

- (b) Any drilling unit not a governmental quarter-quarter section must be completely encompassed by the perimeter of a rectangle 1810 feet by 1445 feet, provided, however, no unit shall be permitted which will create island acreage.
- (c) No portion of the drilling unit upon which the well is located shall be attributed in whole or in part to any other drilling or producible well in the same pool;
- (d) The well shall be located at least 660 feet from every other drilling or producible well located in conformity with this rule; and
- (e) The well shall be located at least 330 feet from every exterior boundary of the drilling unit.

RULE 2 - SPACING OF WELLS IN NORTH MUD CREEK UNIT

- (a) The location of injection and production wells in the North Mud Creek Unit shall be selected by the operator and shall be governed by the standards of geology and petroleum engineering designed to promote the greatest ultimate recovery of hydrocarbons contained in the pool. However, no well may be drilled, injected into, or produced from said pool nearer than 330 feet from any exterior boundary of the fieldwide unit, except upon permit issued by the Board, after notice and hearing.
- (b) The operator may drill wells utilizing directional or "horizontal" drilling techniques designed to increase the ultimate recovery of hydrocarbons contained in the pool without notice and hearing; provided that (1) no portion of the wellbore of any such well so drilled which is located within the McKittrick Sand Oil Pool shall be nearer than 330 feet from any exterior boundary of the North Mud Creek Unit, except upon permit issued by the Board, after notice and hearing, and (2) the operator will file a directional drilling survey and other information required by rule or written policy of the Board after completion.

RULE 3 - PRESSURE MAINTENANCE AND SECONDARY RECOVERY PROGRAM AUTHORIZED

- (a) OXY USA INC., as operator of the North Mud Creek Unit, is hereby authorized to conduct secondary recovery and/or pressure maintenance operations in the North Mud Creek Unit or any other form of joint effort calculated to substantially increase the ultimate recovery of oil or gas or both from the unit as is authorized by the plan of unitization placed into effect by the Board. The operator may use for injection purposes existing wells located in said North Mud Creek Unit which may be converted to injection wells or wells may be drilled on said fieldwide unit for such purpose, provided, however, that before any additional well or wells may be used for injection purposes, that operator must first file with the Mississippi State Oil and Gas Board all evidence and information required under Statewide Rule 63 and obtain the Board's approval thereof, after notice and hearing.

RULE 4 - ALLOCATION OF PRODUCTION

- (a) The allowable for the North Mud Creek Unit shall be the sum of the number of wells in the field, including secondary recovery injection wells or directionally drilled wells in the North Mud Creek Unit, times the then effective allowable based on depth under Statewide

Rule 35. Said allowable may be altered to the MER, if different, after notice and hearing.

- (b) Allocation and apportionment of allowable production from the McKittrick Sand Oil Pool, among and between any individual drilling units and the fieldwide unit shall be made on the basis of and in proportion to the surface acreage content of each of the units.

RULE 5 - APPLICABILITY OF STATEWIDE RULES

- (a) All rules and regulations contained in Statewide Order 201-51, and amendments thereto, not specifically covered in the foregoing 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.

ORDERED AND ADJUDGED this the 17th day of July, 1991.

MISSISSIPPI STATE OIL AND GAS BOARD

BY: *A. B. Mayo McJehan*
CHAIRMAN