

THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF GERMANY OIL COMPANY
TO AMEND THE SPECIAL FIELD RULES
FOR THE NORTH NETTLETON FIELD,
LEE COUNTY, MISSISSIPPI

DEC 30 1997

STATE OIL AND GAS BOARD
Walter Boone, Supervisor

DOCKET NO. 396-97-702

ORDER NO. 560-97

ORDER

THIS DAY this matter came on for hearing on the Petition of Germany Oil Company of Tulsa, Oklahoma, requesting authority to amend the Special Field Rules for the North Nettleton Field in Lee County, Mississippi, and the Board finds that due and legal notice of the meeting of this Board and the hearing of the Petition has been given in the manner and time required by law and the rules and regulations of this Board; that notice to the Operator of a permitted well within the field outline of the North Nettleton Field which is required under Rule 4 of the Rules of Order and Procedure for hearings before the Board adopted September 19, 1990 in Docket No. 229-90 has been given in the time and manner required and that due and proper proofs of publication and proof of personal notice are on file with this Board; that the Board has full jurisdiction of the parties and the subject matter and having considered the evidence presented, this Board is of the opinion that said Petition should be granted upon the terms herein set forth.

The Board further finds as follows:

1.

On January 21, 1988, this Board entered Order No. 49-88 in Docket No. 29-88-702 adopting Special Field Rules for the North Nettleton Field, Lee County, Mississippi, which Special Field Rules covered Section 24 and the E-1/2 of Section 23, Township 11

South, Range 6 East, Lee County, Mississippi, and defined the North Nettleton Lewis Sand Gas Pool and the North Nettleton Evans Sand Gas Pool. Subsequently, the Anderson 14-12 No. 1 Well was drilled on a unit comprised of the S-1/2 of Section 14, Township 11 South, Range 6 East, which well extended the North Nettleton Field.

2.

Petitioner is currently the Operator of the Anderson 14-12 No. 1 Well, which produces from the Evans Sand Gas Pool and the Lewis Sand Gas Pool pursuant to dual completion authorized by Order No. 475-89 in Docket No. 336-89-702, dated October 18, 1989.

3.

A separate and distinct gas pool called the North Nettleton Cypress Sand Gas Pool exists in the North Nettleton Field and is found in the Anderson 14-12 No. 1 Well, located 1,650 feet from the South line and 990 feet from the West line of Section 14, Township 11 South, Range 6 East, Lee County, Mississippi. The North Nettleton Cypress Sand Gas Pool is found at the approximate electric log interval of 1,620 feet - 1,698 feet in the Anderson 14-12 No. 1 Well. It is necessary to amend the Special Field Rules for the North Nettleton Field so as to define the North Nettleton Cypress Sand Gas Pool and extend the areal extent of the field to include the S-1/2 of said Section 14.

4.

The North Nettleton Cypress Sand Gas Pool is a separate and distinct underground reservoir or pool containing a common accumulation of gas. The reservoir or pool is separate and distinct and is not in communication with any other accumulation of oil or gas and the presently known characteristics of the North Nettleton Cypress Sand Gas Pool indicate that one well located on a drilling unit conforming with Statewide Rules will efficiently and adequately drain and produce the reasonably maximum recoverable hydrocarbons in the pool without waste.

5.

The Amendment to the Special Field Rules will allow for and promote the proper and orderly development of the pools within the field, will prevent waste and protect the co-equal and correlative rights of all owners in said pools.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules for the North Nettleton Field in Lee County, Mississippi be and the same are hereby amended in accordance with the Amended Special Field Rules attached hereto as Exhibit "A".

ORDERED AND ADJUDGED this the 26th day of December, 1997.

STATE OIL AND GAS BOARD
OF MISSISSIPPI

By: Joseph D. Zucrows
CHAIRMAN

THIS ORDER WAS PREPARED BY:

OTIS JOHNSON, JR.
HEIDELBERG & WOODLIFF, P.A.
1400 Capital Towers
125 South Congress Street
Post Office Box 23040
Jackson, Mississippi 39225-3040
Telephone No.: (601) 948-3800

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EXHIBIT "A"

AMENDED SPECIAL FIELD RULES
FOR THE NORTH NETTLETON FIELD
LEE COUNTY, MISSISSIPPI

A. FIELD AREA:

The North Nettleton Field, as used herein, is that geographical area consisting of the following described lands, to-wit:

S-1/2 of Section 14, Section 24 and the East Half of Section 23, Township 11 South, Range 6 East, Lee County, Mississippi.

B. POOL DEFINITIONS:

1. The North Nettleton Lewis Sand Gas Pool should be construed to mean those strata of the Mississippian Formation productive of gas and other hydrocarbons occurring between the measured depths of 2,220 feet and 2,240 feet on the dual induction log in the Moon-Hines-Tigrett Operating Co., Inc./Pruet Production Company/Baria & Mason, Inc. - Dabbs 24-6 Well No. 1 which is located 2,250 feet from the North line and 1,650 feet from the West line of Section 24, Township 11 South, Range 6 East, Lee County, Mississippi, and all sands correlative and in communication with those strata which are productive of gas and hydrocarbons.

2. The North Nettleton Evans Sand Gas Pool should be construed to mean those strata of the Mississippian Formation productive of gas and other hydrocarbons occurring between the measured depths of 2,012 feet and 2,058 feet on the dual induction log in the Moon-Hines-Tigrett Operating Co., Inc./Pruet Production Co./Baria & Mason, Inc. - Dabbs 24-6 Well No. 1 which is located 2,250 feet from the North line and 1,650 feet from the West line of Section 24, Township 11 South, Range 6 East, Lee County, Mississippi, and all sands correlative and in communication with those strata which are productive of gas and hydrocarbons.

3. The North Nettleton Cypress Sand Gas Pool should be construed to mean those strata of the Mississippian Formation productive of gas and other hydrocarbons occurring between the measured depths of 1,620 feet and 1,698 feet as indicated on the Phaser Induction/SFL/GR electric log of the Pacific Enterprises Oil Co. (USA) - Anderson 14-12 No. 1 Well, presently operated by Germany Oil Company, which is located 1,650 feet from the South line and 990 feet from the West line of Section 14, Township 11 South, Range 6 East, Lee County, Mississippi, and all sands correlative thereto and in communication with those strata which are productive of gas and hydrocarbons.

C. RULES:

RULE 1 - SPACING OF WELLS:

1.1. As to each well drilled to and productive from the North Nettleton Lewis Sand Gas Pool, the North Nettleton Evans Sand Gas Pool and the North Nettleton Cypress Sand Gas Pool:

- (a) The well 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 or more than 340 acres, upon which no other drilling or producible well is located.
- (b) Any gas drilling unit formed under section (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) The well should be located at least 1,320 feet from every other drilling or producing well located in conformity with this Rule.

- (d) The well shall be located at least 660 feet from every exterior boundary of the drilling unit.

RULE 2 - APPLICABILITY OF STATEWIDE RULES:

2.1. All rules and regulations contained in Statewide Order No. 201-51 and any amendment thereto, not specifically covered by the foregoing Special Field Rules are hereby adopted and shall apply to the field.

2.2. The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any or all of the foregoing Special Field Rules, or to grant exceptions to all or any part thereof.

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