

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF ROUNDTREE & ASSOCIATES, INC.  
TO AMEND THE SPECIAL FIELD RULES FOR  
PARKER CREEK FIELD IN JONES COUNTY, MISSISSIPPI

JUN - 1 2009

STATE OIL AND GAS BOARD  
LISA IVSHIN, SUPERVISOR

DOCKET NO. 173-2009-824

ORDER NO. 280-2009

**ORDER**

This day this matter came on for hearing before the State Oil and Gas Board at its regular May 20, 2009 hearing, on the Petition of Roundtree & Associates, Inc., to amend the Special Field Rules for Parker Creek Field in Jones County, Mississippi;

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 and way provided by law and the rules and regulations of the Board; that due, legal and sufficient proofs of publication are on file with the Board; and that the Board has full jurisdiction of the parties and subject matter to hear and determine same; and

WHEREAS, pursuant to said notice given, public hearing was held by the Board at the hearing room of the Mississippi State Oil & Gas Board, commencing on May 20, 2009, at which hearing all persons present who desired to be heard on said matter were heard and all testimony and evidence were duly considered at said meeting; and

WHEREAS, the Board has fully considered said matter and the recommendations made in said hearing and finds as follows:

1. That Petitioner is the Operator seven (7) wells located in Parker Creek Field, four of which are producing from the Hosston Formation Producing Interval, which is on 160 acre spacing.
2. That the existing Special Field Rules for Parker Creek Field authorize one producing well for each unit for the Hosston Formation Producing Interval. A second well is needed in order to effectively and efficiently drain the 160 acre units for the Hosston Formation Producing Interval. Without this change in the Special Field Rules producible reserves for this formation will be left in the ground and not recovered thereby reducing the ultimate recovery of hydrocarbons.

3. That the Special Field Rules for Parker Creek Field should authorize two (2) wells in the Hosston Formation Producing Interval to be drilled within units of 160 acres, with the well bore being no less than 500 feet from exterior unit lines and 750 feet between wells. Further, the Special Field Rules should impose no restriction on surface locations provided that bottom hole locations comply with the Special Field Rules. The proposed amendments will not cause drainage that is not offset by counter drainage and will protect the co-equal and correlative rights of all parties in interest.

4. That all increased density wells authorized in Parker Creek Field may have drilling permits issued administratively, without notice or hearing, provided that the proposed well complies in all respects with the Special Field Rules and has been previously force integrated pursuant to Section 53-3-7(1) Miss. Code Ann., as amended. The ownership in each proration unit will be the same for that unit no matter the number of increased density wells drilled. Therefore, the effort to force pool each increased density well is duplicative after the first integration of the unit and wasteful of the assets of both the operator and the Board. The proposed rule will only affect the "simple integration" of non-consenting owners. Should the operator of the unit desire to pursue the application of alternate risk charges against non-consenting owners, the operator may not rely on the Special Field Rules but will be required to follow the requirements of Miss. Code Ann. §53-3-7(2), as amended, and the established Statewide Rules to qualify for alternate risk charges against non-consenting owners.

5. That the Amended Special Field Rules of Parker Creek Field, which are set forth in Exhibit "A", attached hereto, will prevent waste, avoid the drilling of unnecessary wells, protect the co-equal and correlative rights of the owners in the Field, allow all of the owners in the Field the right and opportunity to recover their fair and equitable share of the recoverable hydrocarbons therein, will foster and encourage the full development of the Field, will promote the conservation of hydrocarbons from the Field by preventing waste, and will enable hydrocarbons to be produced which could not otherwise be produced, thereby increasing the ultimate recovery of hydrocarbons.

6. That personal notice of the filing of the Petition as required by Procedural Rule 4 was given to all operators in Parker Creek Field.

**IT IS THEREFORE ORDERED AND ADJUDGED** that the Amended Special Field Rules for the Parker Creek Field, attached as Exhibit "A", are hereby approved.

**SO ORDERED AND ADJUDGED** this the 15 day of June, 2009, and effective May 20, 2009.

MISSISSIPPI STATE OIL AND GAS BOARD

By:   
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DAVID A. SCOTT, Chairman

Submitted by:

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**EXHIBIT "A"**

**AMENDED SPECIAL FIELD RULES  
PARKER CREEK FIELD  
JONES COUNTY, MISSISSIPPI**

**RULE 1:     FIELD LIMITS**

The Parker Creek Field is defined as that area consisting of the following described lands, to wit:

All of Section 32 and South 1/2 of Section 29, Township 7 North, Range 13 West; and all of Section 5 and NW1/4 of Section 8, Township 6 North, Range 13 West, Jones County, Mississippi,

as underlain by the oil pool herein defined and all correlative or productive extensions thereof.

**RULE 2:     POOL DEFINITIONS**

The Hosston Formation Producing Interval is defined as those strata of the Hosston formation productive of oil and casinghead gas in the interval between 13,570 feet and 14,450 feet measured depth in the Gladys Knight 32-14 No. 1 Well as indicated on the Array Induction Log of said well as recorded by Schlumberger on December 11, 1996, and all sands correlative of this strata productive of oil and casinghead gas, said well being located 2,400 feet from West line and 750 feet from South line of Section 32, Township 7 North, Range 13 West, Jones County, Mississippi.

**RULE 3:     SPACING OF OIL WELLS**

Each oil unit for the Hosston Formation Producing Interval may have two (2) producing wells from the Hosston Formation Producing Interval. Each oil unit for the Hosston Formation Producing Interval shall be developed subject to the following:

a. Shall be located on a drilling unit consisting of four (4) contiguous governmental quarter-quarter sections containing not less than one hundred forty-four (144) acres or more than one hundred seventy six (176) acres completely encompassed by the perimeter of a rectangle 2,640 feet by 3,500 feet; or a drilling unit consisting of 160 contiguous surface acres completely encompassed by the perimeter of a rectangle 2,640 feet by 3,500 feet, provided however, in no event shall a unit be permitted which will create island acreage;

b. Each well shall be located at least 750 feet from every other drilling or producible well in the Hosston Formation Producing Interval.

c. Each well shall be located at least 500 feet from each exterior boundary of the drilling unit.

d. This Rule shall not apply to the surface location of any well which is intentionally deviated to a regular bottom-hole location at least 750 feet from every other drilling or producible well in the Hosston Formation Producing Interval. As to such wells intentionally deviated, there shall be no restriction on the surface location; provided, however, the interval perforated for completion shall be located at least 750 feet from every other drilling or producible well in the Hosston Formation Producing Interval and the interval perforated for completion shall be located at least 500 feet from each exterior boundary of the drilling unit.

e. Pursuant to this Rule, when a well is directionally deviated from its normal course for any reason, a complete angular deviation and directional survey of the finished hole shall be made at the expense of the operator and a certified copy of such survey shall be filed with the Board within thirty (30) days.

f. Each increased density well shall be granted a full allowable for production.

g. The Gladys Knight 32-14, Butler 5-5, Frost 5-11 and Allar 32-6, are existing wells in the Hosston Formation Producing Interval at the time these Special Field Rules were adopted; and to the extent said wells were drilled as exceptions to the foregoing rules, said exceptions are adopted and confirmed.

**RULE 4: OIL ALLOWABLES FOR PRODUCTION FROM THE HOSSTON FORMATION PRODUCING INTERVAL**

The maximum efficient rate of production from the Hosston Formation Producing Interval is such that any well completed in and producing there from shall be granted an allowable of 750 barrels of oil per day per well subject to adjustments pursuant to Statewide Rules 34-A.

**RULE 5: FORCE INTEGRATION**

A well which is to be drilled as an increased density well under Rule 3 of these Special Field Rules on an established unit, may have the drilling permit issued administratively, without notice or hearing, provided that the proposed well complies in all respects with these Special Field Rules and provided that the established unit has previously been force integrated pursuant to Section 53-3-7(1) Miss. Code Ann., as amended, "simple integration".

**RULE 6: APPLICABILITY OF STATEWIDE RULES**

All rules and regulations contained in Statewide Order No. 201-51 and amendments thereto, not in conflict with the foregoing, shall apply to said field until such time as these Special Field Rules may be altered or amended. The Board expressly reserves the right, after notice and hearing, to alter or amend or repeal any and all of the foregoing regulations.

**\*\*\*End of Special Field Rules\*\*\***