

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

DOCKET NO. 320-69-219

ORDER NO. 5-70

PETITION OF SHELL OIL COMPANY TO AMEND THE SPECIAL FIELD RULES FOR THE PELAHATCHIE FIELD, RANKIN COUNTY, MISSISSIPPI, TO PROVIDE FOR 640 - ACRE SPACING FOR THE MIDDLE SMACKOVER GAS POOL

O R D E R

This day this cause came on for hearing before the State Oil and Gas Board on the petition of Shell Oil Company to amend the Special Field Rules for the Middle Smackover Gas Pool in the Pelahatchie Field, Rankin County, Mississippi, to provide for 640 - acre spacing, and the Board after considering the documentary evidence offered and having heard the testimony of witnesses and arguments of counsel is of the opinion and finds as follows:

1. Due and legal notice of the meeting of this Board for the purpose of hearing this matter was given in the manner provided by law and the rules and regulations of this Board and the Board has full jurisdiction to hear and decide this matter.
2. On October 19, 1967, this Board entered its Order No. 358-67 in Docket No. 230-67-219 promulgating Special Field Rules for the Norphlet Sand Pool in the Pelahatchie Field, Rankin County, Mississippi. Said rules provided for drilling units consisting of two contiguous governmental quarter quarter sections containing not less than 72 acres or a drilling unit consisting of approximately 80 contiguous acres. The rules provided that the spacing was to be temporary and to be again considered by the Board at the September 1968 meeting. By Order No. 231-68 and Order No. 245-68 entered in Docket No. 186-68-219 the rule providing for 80-acre spacing was continued in force and effect until the regular March 1969 meeting of the Board. On November 20, 1968, this Board entered its Order No. 290-68 making permanent the Special Field Rules for the Pelahatchie Field Norphlet Oil Sand and providing for 160-acre spacing for said sand.
3. There is one well presently capable of producing from the Middle Smackover Gas Pool in the Pelahatchie Field and the information obtained from

said well is such that the Board is now of the opinion that one well completed in said reservoir located on a 640-acre unit will drain all of the recoverable gas from under such a unit, and the Special Field Rules for the Pelahatchie Field should be amended to authorize such spacing in the Middle Smackover Gas Pool.

IT IS THEREFORE ORDERED AND ADJUDGED THAT the definition of the Norphlet Sand Pool and Rule 1 - Spacing of Oil Wells as promulgated in Order No. 358-67 dated October 19, 1967, entered in Docket No. 230-67-219 and as continued in force and effect by Order No. 231-68 and Order No. 245-68 entered in Docket No. 186-68-219 as made permanent by Order No. 290-68 entered in Docket No. 228-68-219 are hereby amended to read as follows:

NORPHLET SAND POOL DEFINED:

The Norphlet Sand Oil Pool, Pelahatchie Field, shall be construed to mean those strata of the Norphlet Sand formation productive of oil in the intervals between 17,100 feet and 17,181 feet in the Shell-Love Et Al.-Rhodes Et Al. No. 1 Well located on the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$, Section 18, Township 5 North, Range 5 East, Rankin County, Mississippi, as indicated on the electric log of said well and all sands correlative of said strata productive of hydrocarbons.

The characteristics of said Norphlet Sand Pool in said pool are such that a well located as hereinafter prescribed and drilled upon a drilling unit containing approximately 160 contiguous surface acres 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.

MIDDLE SMACKOVER GAS POOL DEFINED:

The Middle Smackover Gas Pool in the Pelahatchie Field shall be construed to mean those strata of the Middle Smackover formation productive of gas in the intervals between 16,300 feet and 16,700 feet in the Shell-Love Et Al. Mashburn Et Al. No. 1 Well located on the SW/4 Section 7, Township 5 North, Range 5 East, Rankin County, Mississippi, as indicated on the electric log of said well and all sands correlative of said strata productive of gas.

The characteristics of said Middle Smackover Gas Pool in said field are such that a well located as hereinafter prescribed and drilled upon a drilling unit containing approximately 640 contiguous surface acres conforming to the requirements of the rules herein contained will efficiently drain and produce the recoverable gas from such unit in said pool without avoidable waste.

RULE 1 - SPACING OF OIL WELLS:

Every well drilled as an oil well:

- (a) shall be drilled on a drilling unit consisting of a governmental quarter section containing not less than 144 acres or on a drilling unit consisting of approximately 160 contiguous acres upon which no other drilling or producible well is located;
- (b) shall be located at least 2,000 feet from every other drilling or producible well located in the Pelahatchie Field;
- (c) shall be located at least 500 feet from every exterior boundary of the drilling unit;
- (d) the distance between any two points farthest apart on the drilling unit upon which the well is located shall not exceed 4200 feet.

RULE 1A - SPACING OF GAS WELLS IN MIDDLE SMACKOVER GAS POOL

Every well drilled as a gas well:

- (a) shall be drilled on a drilling unit consisting of a governmental section containing not less than 600 acres or more than 680 acres OR a drilling unit consisting of approximately 640 contiguous acres upon which no other drilling or producible well is located;
- (b) shall be located at least 3,000 feet from every other drilling or producible well located in the Middle Smackover Gas Pool in the Pelahatchie Field;
- (c) shall be located at least 1500 feet from every exterior boundary of the drilling unit;
- (d) Any gas drilling unit not a governmental section must be completely encompassed by the perimeter of a rectangle 5580 feet by 6245 feet. Provided, however, no unit shall be permitted which will create island acreage.

RULE 2 - MEASUREMENT OF PRODUCTION:

The Operator of each producing lease shall maintain proper separators and stock tanks or metering devices and such connections thereto as are necessary to continuously measure the total production from such lease. Where metering devices are used, as herein provided, the production may be commingled in a common storage system and if, upon a sale therefrom a variance exists between the measurement from the common storage system and the total measurement of the production of all the leases commingled in such common storage system, then such variance shall be allocated back to each of the leases producing into the common storage system proportionately to the production measured from each lease.

RULE 3 - EQUIPMENTS FOR TESTS:

- A. Each producing well shall be so equipped that gas/oil ratio tests and bottom hole or other pressure tests may be made.

- B. The operator of each producing lease on which there are two or more producing wells shall maintain proper separators and stock tanks or metering devices and such connections thereto as will permit the adequate testing of each individual well under usual operating conditions without the necessity of closing in any other well. Such separators, stock tanks or metering devices and connections thereto shall be subject to approval by the Supervisor.

RULE 4 - USE OF METERS:

- A. The use of meters for testing and for measurement of lease production shall be subject to and in accordance with the following provisions:
1. Only a volume displacement type metering device or vessel which registers the volume of oil passed through it in barrels or multiples thereof may be used.
 2. All meters shall be downstream of the necessary separating or treating vessels. All meters shall be designed and installed in conformance with recognized metering practices and shall be subject to the approval of the Supervisor of the Oil and Gas Board.
 3. No meter used for oil production measurement shall be directly or indirectly by-passed in such manner as to permit oil to pass into common storage without first being measured.
 4. All meters and equipment affecting meter accuracy shall be kept in good working order. Each meter shall be calibrated at least once a month by means of a calibrated tank, a calibrated meter prover or a master meter. When a meter is found to deviate in its recording by more than two percent, it must be adjusted to conform to the said tolerance limitation of two percent or the meter calibration factor corrected.
 5. The meter reading and meter calibration factor in use at 7:00 a.m. on the first day of each month for each meter shall be reported on the bottom of the Form 9 reporting the monthly production from the wells being measured by such meter.

RULE 5 - AUTOMATIC CUSTODY TRANSFER SYSTEMS AUTHORIZED:

Automatic custody transfer systems which automatically test, sample, measure and transfer the production from the operator to the purchaser are hereby authorized for the Pelahatchie Field. Such systems may be used to transfer production from individual leases or from common storage facilities as authorized in Rule 2 above. In the event the transfer is from such a common storage facility, the allocation of production to the leases being produced into such common storage system will be on the basis of the relationship of the measured production from each leases to the total measured production transferred by the automatic custody transfer system.

Each such system will be equipped with a sampling device which will take a representative sample of the total production

passing through the system in order that the specific gravity and the basic sediment and water content can be determined.

Each such system will be equipped with a volume displacement type metering device which registers the volume of oil passed through it in barrels or multiples thereof. In addition to meeting all of the requirements set out in Rule 4 above which deals with the use of meters, said metering device will be compensated for temperature, will be so equipped as to provide a cumulative total of all oil transferred by such system and will have an accuracy standard equivalent to the accuracy obtained in measurements made in calibrated stock tanks.

RULE 6 - 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.

ORDERED, this 21st day of January, 1970.

MISSISSIPPI STATE OIL AND GAS BOARD

BY: *W. C. Thompson*
VICE - CHAIRMAN