

Re: **Amendment of Special Field Rules of Prairie Branch Field**

OCT 09 2017

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

Docket No. 328-2017-D

Order No. 515-2017

ORDER

This cause came on to be heard on the Petition of Signal, LLC requesting the State Oil and Gas Board of Mississippi to enter an order amending the Special Field Rules of Prairie Branch Field to define the Haynesville Oil Pool, to adopt spacing rules for the field, to authorize increased density wells in the Haynesville Oil Pool, to authorize commingled storage of production and granting related relief. This Board, having considered the Petition and the evidence submitted in support thereof, and being fully advised in the premises, is of the opinion and finds that the relief requested by Signal, LLC should be granted and the same is hereby granted. This Board further finds and determines as follows, to-wit:

1.

Due, proper and legal notice of the meeting of this Board for the purpose of considering and hearing the Petition filed herein has been given in the manner and time provided by law and the rules and regulations of this Board. Due, legal and sufficient proofs of publication of such notice and proof of notice by personal service are on file with this Board. Signal, LLC has made a reasonably diligent effort to give the personal notice required by the statutes of the State of Mississippi and the rules and regulations of this Board. This Board has full jurisdiction of the parties and the subject matter hereof.

2.

A public hearing was held by this Board in Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on September 20, 2017, at 10:00 o'clock a.m., at which time and place all persons who desired to be heard on said matter were heard and all testimony and evidence presented were duly considered by this Board. Signal, LLC was represented at the hearing by its attorney James M. Nix. No other parties made an appearance at the hearing of this matter.

3.

Signal, LLC is a Mississippi limited liability company, whose address is 4273 I-55 North, Suite 1-A, Jackson, Mississippi 39206. Signal, LLC is the operator of all unplugged wells in Prairie Branch Field in Clarke County, Mississippi.

4.

Special Field Rules were adopted by this Board for Prairie Branch Field in 1971 pursuant to Order No. 6-71.

5.

The Masonite - F.L.B. 15-15 No. 1 Well (API No. 23-023-20276) and the Masonite Unit 15-15 No. 2 Well (API No. 23-023-20641) currently are completed in the Haynesville Oil Pool.

6.

The Special Field Rules as set forth in Order No. 6-71 define the Smackover Oil Pool and the Norphlet Oil Pool, but do not define the Haynesville Oil Pool. Said Special Field Rules should be amended to define the Haynesville Oil Pool as follows, to-wit:

"The Haynesville Oil Pool in Prairie Branch Field shall be construed to mean those strata of the Haynesville Formation productive of oil in the interval between 12,879 feet to 13,830 feet, electric log depth, in the Inexco Oil Company - Masonite Well No. 1 located in the North Half of the Southwest Quarter (N½ of SW¼) of Section 15 of Township 1 North, Range 14 East, Clarke County, Mississippi, as indicated on the electric log of said well and all intervals correlative of said strata productive of hydrocarbons."

7.

In order to economically and efficiently recover the reserves in the Haynesville Oil Pool, it is necessary that up to two (2) wells be authorized to simultaneously produce from said pool in each 80-acre unit in Prairie Branch Field. The Special Field Rules should be amended to authorize the drilling, completion and simultaneous production of up to two (2) wells in the Haynesville Oil Pool on each unit with all wells on each such unit being entitled to a single combined unit allowable. The Special Field Rules should be further amended to provide that there shall be no required minimum distance between increased density wells in the Haynesville Oil Pool on each unit.

8.

Spacing rules should be established in the amended Special Field Rules for the Haynesville Oil Pool, the Smackover Oil Pool and the Norphlet Oil Pool as follows, to-wit:

"A. Spacing for wells that are drilled to test and produce the Haynesville Oil Pool, the Smackover Oil Pool and the Norphlet Oil Pool shall be according to following spacing rules, except as otherwise provided below in paragraph B for increased density wells in the Haynesville Oil Pool:

(1) Each drilling unit shall consist of eighty (80) contiguous surface acres, or two (2) contiguous governmental quarter-quarter sections containing not less than seventy-two (72) surface acres nor more than eighty-eight (88) surface acres, upon which no other drilling or producible well in the same pool is located. The word 'contiguous' as used herein shall mean bordering each other at more than one point.

(2) Any drilling unit not composed of two (2) contiguous governmental quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 1600 feet by 2725 feet.

(3) No unit shall be permitted which will create island acreage.

(4) Each well shall be located at least 500 feet from every exterior boundary of the drilling unit.

"B. Up to two (2) wells may be drilled to, completed in and simultaneously produce from the Haynesville Oil Pool on each unit with all wells on each such unit being entitled to a single combined unit allowable. There shall be no required minimum distance between increased density wells in the Haynesville Oil Pool on each such unit."

9.

In order to minimize the economic costs and environmental disturbances, it is necessary that the Special Field Rules should be amended so as to allow the commingling of production from wells within each separate unit in a common storage system. The following commingling and measurement of production rules should be adopted by this Board for Prairie Branch Field, to-wit:

"The operator of each producing well shall maintain proper separators and stock tanks and/or metering devices and such connections thereto as are necessary to continuously measure the total production from each producing well. Where metering devices are used, as herein provided, the production may be commingled with production from other wells and/or other units into a common storage system. 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 wells commingled in such common storage system, then such variance shall be allocated back to each of the wells producing into such common storage system proportionately to the production measured from each well."

10.

It is necessary that the existing Special Field Rules for Prairie Branch Field be amended as set forth below so as to increase the ultimate recovery of hydrocarbons from the various productive pools in Prairie Branch Field. The amendment of the Special Field Rules for Prairie Branch Field as set forth below will promote the conservation of oil and gas of Prairie Branch Field by preventing waste and safeguarding, protecting and enforcing the co-equal and correlative rights of all owners of hydrocarbons in the field to the extent that each such owner may recover his fair and equitable share of recoverable hydrocarbons without unnecessary expense. Furthermore, the amendment of the Special Field Rules for Prairie Branch Field as set forth below will foster, encourage and promote the full development of the field.

IT IS THEREFORE ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the relief requested by Signal, LLC in the Petition filed in this docket

should be, and the same is hereby, granted and it is ordered that the Special Field Rules as set forth herein should be, and the same are hereby, amended to read as follows, to-wit:

**SPECIAL FIELD RULES
PRAIRIE BRANCH FIELD
CLARKE COUNTY, MISSISSIPPI**

The following special field rules shall apply to wells drilled in Prairie Branch Field as hereinafter defined:

FIELD AREA

The Prairie Branch Field as herein used is defined as that area located in the South Half (S½) of Section 9, all of Section 15, the North Half (N½) of Section 16 and the North Half (N½) of Section 22, all in Township 1 North, Range 14 East, Clarke County, Mississippi, underlain by the pools herein defined and all productive extensions thereof.

POOL DEFINITIONS

The **Haynesville Oil Pool** in Prairie Branch Field shall be construed to mean those strata of the Haynesville Formation productive of oil in the interval between 12,879 feet to 13,830 feet, electric log depth, in the Inexco Oil Company - Masonite Well No. 1 located in the North Half of the Southwest Quarter (N½ of SW¼) of Section 15 of Township 1 North, Range 14 East, Clarke County, Mississippi, as indicated on the electric log of said well and all intervals correlative of said strata productive of hydrocarbons.

The **Smackover Oil Pool** in Prairie Branch Field shall be construed to mean those strata of the Smackover Formation productive of oil in the interval between 13,831 feet to 14,000 feet, electric log depth, in the Inexco Oil Company - Masonite Well No. 1 located in the North Half of the Southwest Quarter (N½ of SW¼) of Section 15 of Township 1 North, Range 14 East, Clarke County, Mississippi, as indicated on the electric log of said well and all intervals correlative of said strata productive of hydrocarbons.

The **Norphlet Oil Pool** in Prairie Branch Field shall be construed to mean those strata of the Norphlet Formation productive of oil in the interval between 14,668 feet to 14,808 feet, electric log depth, in the Inexco Oil Company - Masonite Well No. 1 located in the North Half of the Southwest Quarter (N½ of SW¼) of Section 15 of Township 1 North, Range 14 East, Clarke County, Mississippi, as indicated on the electric log of said well and all intervals correlative of said strata productive of hydrocarbons.

RULE 1 -- SPACING OF WELLS

The characteristics of the oil pools defined above in these Special Field Rules are such that wells located in conformance with the spacing rules hereinafter set forth will efficiently drain and produce the recoverable oil from each said pool without avoidable waste.

A. Spacing for wells that are drilled to test and produce the Haynesville Oil Pool, the Smackover Oil Pool and the Norphlet Oil Pool shall be according to following spacing rules, except as otherwise provided below in paragraph B for increased density wells in the Haynesville Oil Pool:

- (1) Each drilling unit shall consist of eighty (80) contiguous surface acres, or two (2) contiguous governmental quarter-quarter sections containing not less than seventy-two (72) surface acres nor more than eighty-eight (88) surface acres, upon which no other drilling or producible well in the same pool is located. The word "contiguous" as used herein shall mean bordering each other at more than one point.

(2) Any drilling unit not composed of two (2) contiguous governmental quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 1600 feet by 2725 feet.

(3) No unit shall be permitted which will create island acreage.

(4) Each well shall be located at least 500 feet from every exterior boundary of the drilling unit.

B. Up to two (2) wells may be drilled to, completed in and simultaneously produce from the Haynesville Oil Pool on each unit with all wells on each such unit being entitled to a single combined unit allowable. There shall be no required minimum distance between increased density wells in the Haynesville Oil Pool on each such unit.

RULE 2 -- COMMINGLING AND MEASUREMENT OF PRODUCTION

The operator of each producing well shall maintain proper separators and stock tanks and/or metering devices and such connections thereto as are necessary to continuously measure the total production from each producing well. Where metering devices are used, as herein provided, the production may be commingled with production from other wells and/or other units into a common storage system. 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 wells commingled in such common storage system, then such variance shall be allocated back to each of the wells producing into such common storage system proportionately to the production measured from each well.

RULE 3 -- APPLICABILITY OF STATEWIDE RULES

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

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 effective from and after September 20, 2017.

SO ORDERED AND ADJUDGED on this the 9th day of Oct., 2017.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By:


Chairman

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