

FILED FOR RECORD

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STATE OIL AND GAS BOARD  
A. Richard Henderson, Supervisor

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

DOCKET NO. 36-86-192

ORDER NO. 66-86

O R D E R

This cause came on for hearing before the Mississippi State Oil and Gas Board at the regular meeting called on February 19, 1986, and the Board finding that due, legal and sufficient notice of said meeting and hearing of this docket has been given within the time, manner and form prescribed by statute and the rules and regulations of this Board and that due, legal and sufficient proofs of publication are on file with the Board and that said Board has full jurisdiction of the parties and the subject matter and the right to hear this cause for the purpose of considering proposals for and the amendment of the Special Field Rules for the 4600' Sand Oil Pool of the Quitman Bayou Field, Adams County, Mississippi; and

The Board, having received all of the evidence and heard the arguments of counsel submitted in connection with said cause, is of the opinion that said Special Field Rules should be amended as hereinafter set out so as to delete the requirement that no new well be drilled nearer than four hundred sixty-seven (467) feet from any other producing well in the pool and finds that such rules herein promulgated will promote development of oil and gas, bring about the greatest ultimate recovery of oil and gas from the said field, enforce and protect the coequal and correlative rights of the owners of the common sources of oil and gas so that each common owner may obtain his just and equitable share of production, and will prevent waste;

IT IS ACCORDINGLY HEREBY ORDERED by the Mississippi State Oil and Gas Board that the Special Field Rules for the Quitman Bayou Field, Adams County, Mississippi, be and the same are hereby amended as follows, to-wit:

AMENDED SPECIAL FIELD RULES  
FOR THE QUITMAN BAYOU FIELD  
ADAMS COUNTY, MISSISSIPPI

The Quitman Bayou Field, as used herein, is that area consisting of Sections 1, 2, 3, 18 and 20 of Township 8 North, Range 3 West, and Sections 11, 12 and 27 of Township 8 North, Range 2 West, Adams County, Mississippi, underlain by the 4600-foot Sand Oil Pool, as hereinafter defined, and all productive extensions thereof.

1. The 4600-foot Sand Oil Pool shall be construed to mean those strata of the Wilcox Formation productive of oil or gas in the interval between 3,914 feet and 4,081 feet in the D. A. Biglane - No. 1 Board of Supervisors Well located from the northerly corner of Section 2, go southwest along the northwest line and extension 1,898 feet; thence south 18° 12' west 1,001 feet to location in Section 1, Township 8 North, Range 3 West, Adams County, Mississippi, as indicated on the electric log of said well, and all sands correlative of these strata productive of oil or gas.

2. With respect to the 4600-foot Sand Oil Pool, the Quitman Bayou Field Unit has been created by voluntary agreement of more than a majority of all of the operating owners and more than a majority of all of the royalty owners, with respect to which it is proper and necessary for the promotion of conservation to consider and treat the unit area in said pool as a single drilling and producing unit as to tracts therein contained, subject only to such limitations as

may be required in order to protect the coequal and correlative rights of all of those owners in those tracts who have not by voluntary consent joined in the Quitman Bayou Field Unit. As to said pool, the rules hereinafter provided applicable to it will enable said pool to be efficiently drilled and recoverable oil and gas therein contained to be recovered with full protection of the coequal and correlative rights of all parties and without avoidable waste.

RULE 1: SPACING OF OIL WELLS

A. (1) A fieldwide drilling unit is hereby established for each of all oil wells drilled and completed as consisting of the unit area affected by the Unitization Agreement, Quitman Bayou Field Unit, Adams County, Mississippi, underlain by the 4600-foot Sand Oil Pool and shall not include all or any portion of any individual drilling unit as defined in Subsection (2) hereof, nor shall it include the net acreage therein which is attributable to any operating or royalty interest not subject to said Unitization Agreement.

(2) Each oil drilling unit heretofore established or that may be hereafter established under the provisions of valid and applicable rules of this Board and with respect to which any ownership of an operating or royalty interest has not been made subject to said Unitization Agreement shall maintain its status as an individual drilling unit.

B. When used in these rules, the term "individual drilling unit" shall mean a developed drilling unit now existing in the Quitman Bayou Field or hereinafter created in accordance with valid and applicable rules of this Board wherein the ownership of any operating or royalty interest has not been made subject to said Unitization Agreement. Provided, however, that if any individual drilling unit is permitted to produce from the 4600-foot Sand Oil Pool through

more than one well, then such individual drilling unit shall consist of that area of the individual drilling unit underlain by the 4600-foot Sand Oil Pool.

C. The location of wells upon any individual drilling unit and upon the fieldwide unit shall be governed by standards of geology and petroleum engineering designed to promote the greatest ultimate recovery of the hydrocarbons contained in the pool. However, no new well in said pool may be drilled nearer than three hundred thirty (330) feet from any drilling unit boundary except upon permit issued by the Board after notice and hearing.

RULE 2: ALLOCATION OF PRODUCTION

A. The maximum efficient daily rate of production of said pool shall be determined and fixed by the Board, which shall be such pool's daily allowable production.

B. The daily allowable of said pool shall be allocated as follows: To each individual drilling unit, there shall be allocated that proportionate part of the pool's daily allowable that the surface acreage content of such individual drilling unit bears to the total surface acreage contained within all individual drilling units plus the total surface acreage contained within the fieldwide drilling unit as defined in Rule 1 above. The remainder of the daily allowable shall be allocated to the fieldwide unit.

C. Any unit which is not capable of producing without committing waste, the allowable assigned to it under Rule 2 (B) shall be considered as a deficient unit. The difference between the allowable assigned to the deficient unit and that which it is capable of producing without waste shall be distributed by the Board to the non-deficient units on the surface-acreage basis of apportionment prescribed in said Rule 2 (B).

D. The allowable production of any unit may be produced by any well or wells on said unit; provided, however, that no well shall be operated in such manner as to cause waste as defined by the Laws of Mississippi, and no fieldwide unit well located within eight hundred (800) feet of the boundary of any individual drilling unit shall be allowed to produce more than a non-deficient daily allowable assignable to such individual drilling unit under Rule 2 (B).

RULE 3: PRESSURE MAINTENANCE

A. The Unit Operator of the Quitman Bayou Field Unit is hereby authorized to conduct pressure maintenance and recycling operations in the 4600-foot Sand Oil Pool by the injection of water or gas and recycling of gas, including CO<sub>2</sub> and nitrogen. Said Unit Operator may use existing wells located in said Unit Area for injection purposes.

B. A permit to drill each new well either as a producer or injection well shall be issued upon the filing of Form 2 in accordance with Statewide Rule 4. The completion or recompletion of wells for production or injection shall be reported on Form 3.

RULE 4: MEASUREMENT OF PRODUCTION

The operator of each producing drilling unit 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 unit; provided, however, any individual drilling unit shall be allowed to measure production in accordance with applicable statewide rules.

RULE 5: EQUIPMENT 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 or unit on which 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.

RULE 6: USE OF METERS

A. The use of meters for testing and for measurement of lease or unit 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 (2%), it must be adjusted to conform to the said tolerance limitation of two percent or the meter calibration factor corrected.

(5) The corrected meter reading at 7 A.M. on the first day of each month for each meter shall be reported on

the bottom of the form used in reporting the monthly production from the well being measured by such meter.

RULE 7: 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.

Said rules as amended shall become effective at seven (7) o'clock A.M. on the first day of March, 1986.

ORDERED this the 19<sup>th</sup> day of February, 1986.

STATE OIL AND GAS BOARD

  
Chairman

HCF/ss/68  
02/06/86