

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF UMC PETROLEUM CORPORATION
TO AMEND THE SPECIAL FIELD RULES FOR
SANDY HOOK FIELD, MARION COUNTY,
MISSISSIPPI

FILED FOR RECORD

MAR 10 1992

STATE OIL AND GAS BOARD
A. Richard Henderson, Supervisor
ORDER NO. 39-92

DOCKET NO. 29-92-27

ORDER

THIS MATTER came on to be heard on the Petition of UMC Petroleum Corporation, Petitioner, requesting the Board to amend the Special Field Rules for the Sandy Hook Field in Marion County, Mississippi. Having considered the Petition, the evidence in support thereof, and being fully advised in the premises, the Board finds that the Petition in this docket should be granted. The Board also finds as follows:

1.

The Board has jurisdiction over the parties and the subject matter of the Petition. Due and legal notice of the hearing on the Petition has been given in the time and manner required by law and the rules and regulations of this Board.

2.

Petitioner is the operator of the J. W. Hart Well No. 1 (the "Well") which is located in the South Half of Section 27, Township 1 North, Range 14 East, Marion County, Mississippi, in the West Sandy Hook Field. The Well previously has been authorized to produce as a dual completion from the Upper Hosston Gas Pool, as defined in the Special Field Rules for the West Sandy Hook Field, and from a productive extension of the Paluxy Gas Pool, as defined in the Special Field Rules for the Sandy Hook Field.

3.

The Well has encountered additional productive intervals in the Paluxy Formation which are productive extensions of and in communication with what is presently defined as the Paluxy Gas Pool in the Sandy Hook Field. Therefore, the definition of the Paluxy Gas Pool shall be changed from its present definition to the following definition:

The Paluxy Gas Pool shall be construed to mean that strata productive of gas and other hydrocarbons in the Paluxy Formation at the interval of 11,527 feet to 11,790 feet, as reflected on the Dual Induction log for the Exxon (formerly Humble Oil & Refining Co.) - Sandy Hook Gas Unit 13-A, Well No. 1, located in Section 24, Township 1 North, Range 18 West, Marion County, Mississippi, and those sands productive of gas and other hydrocarbons which are correlative to and in communication therewith, including all productive extensions thereof.

4.

Spacing for production from the Paluxy Gas Pool shall continue to be pursuant to Statewide Rule 8.2.

5.

The Board further finds that Special Field Rules for the Sandy Hook Field were last amended by Order No. 448-81 dated September 17, 1981, and that the existing Special Field Rules should be amended to revise the definition of the Paluxy Gas Pool as set forth above. The proposed amendment to the Special Field Rules will protect the coequal and correlative rights of the owners in the pool and the field, will allow for the orderly development of the field and its productive extensions, and will prevent waste.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules for the Sandy Hook Field are hereby amended so as to identify and re-define the Paluxy Gas Pool, and said Special Field Rules, as amended, shall hereafter read as set forth on Exhibit "A" attached hereto.

SO ORDERED AND ADJUDGED, this the 19th day of February, 1992.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By:

Joseph S. Zuccaro
CHAIRMAN

EXHIBIT A

SPECIAL FIELD RULES
FOR THE SANDY HOOK FIELD
MARION COUNTY, MISSISSIPPI

The Sandy Hook Field, as used herein, is that area consisting of the following described land, to-wit:

Sections 10, 11, 12, 13, 14, 23 and 24,
Township 1 North, Range 18 West; Sections 18,
19, 30 and 31, Township 1 North, Range 17
West; and Sections 16, 22, 24, 26 and 27,
Township 1 North, Range 14 East; all located
in Marion County, Mississippi

underlain by the hereinafter described pools, and including all productive extensions to such area.

1. The Lower Tuscaloosa Gas Pool, as used herein, shall be construed to mean those strata underlying said field productive of gas from the approximate depths between 8,825 and 8,914 feet subsea level.

2. The Paluxy Gas Pool shall be construed to mean that strata productive of gas and other hydrocarbons in the Paluxy Formation at the interval of 11,527 feet to 11,790 feet, as reflected on the Dual Induction log for the Exxon (formerly Humble Oil & Refining Co.) - Sandy Hook Gas Unit 13-A, Well No. 1, located in Section 24, Township 1 North, Range 18 West, Marion County, Mississippi, and those sands productive of gas and other hydrocarbons which are correlative to and in communication therewith, including all productive extensions thereof.

3. The James Limestone Gas Pool shall be construed to mean those strata productive of gas in the interval between the measured depths of 14,296 feet and 14,362 feet in the Exxon Corporation - Sandy Hook Gas Unit 28 Well No. 1, located in Section 16, Township 1 North, Range 14 East, Marion County, Mississippi, as indicated on the electric log for said well, and including those strata productive of hydrocarbons which can be correlated therewith.

4. The area covered by the present field and extensions thereof consists partially of regular governmental sections, and partially of sections having irregular shapes and sizes in the vicinity of the Pearl River, and the evidence shows that the

characteristics of the pool are such that a well drilled not less than 600 feet from any exterior boundary of any one-half of a regular governmental section, or 320 contiguous surface acres having no two point thereon more distant than 6,300 feet, and completed in the Lower Tuscaloosa Gas Pool, or in the Paluxy Gas Pool will efficiently drain and produce the recoverable gas from such one-half section or 320 contiguous acres in said pool without avoidable waste.

5. In order to prevent waste and otherwise to carry out the provisions of law, it is necessary that the following special field rules and regulations be adopted for the Sandy Hook Field.

RULE 1

High reservoir pressures exist in said pools and adequate controls to prevent blowouts are necessary.

RULE 2

SPACING

(a) A drilling unit is hereby established for each and all gas wells in the Lower Tuscaloosa Gas Pool or in the Paluxy Gas Pool as an area consisting of a governmental one-half section containing not less than 300 surface acres or 320 contiguous surface acres having no two point thereon more distant than 6,300 feet.

(b) Every well drilled as a gas well shall not be less than 660 feet from any exterior boundary of the unit.

(c) All wells must be located at least 1,320 feet from every other drilling or producible well in the same pool.

This order shall not be construed to affect the validity and continuing effect of drilling units established or confirmed by Order No. 143-52 entered under Docket No. 100-52-27.

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

The Board expressly reserves its right after notice and hearing to alter, amend or repeal any and all of the foregoing rules and regulations.