

MAR 26 1985

STATE OIL AND GAS BOARD
A. Richard Henderson, Supervisor

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF SANTA FE ENERGY)
 COMPANY TO ADOPT SPECIAL FIELD)
 RULES FOR THE SCHOOL LAND FIELD,)
 PEARL RIVER COUNTY, MISSISSIPPI)

DOCKET NO.: 62-85-637ORDER NO.: 90-85ORDER

THIS CAUSE COMING on this day to be heard upon the Petition of Santa Fe Energy Company, upon proof of publication of notice and upon oral and documentary evidence introduced at the hearing of this matter, and the Board being of the opinion that the relief sought should be granted, does find, as follows:

1.

That proper, due and legal notice for the meeting of this Board to consider this matter has been given as required by law and the Rules of this Board and that due, legal and sufficient Proofs of Publication of Notice are on file with this Board. That this Board has full and complete jurisdiction of the subject matter to hear and determine this Petition at the time and place as hereinafter set forth.

2.

Santa Fe Energy Company is the Operator of the Poplarville School District No. 1 Well which is located 1500 feet from the South line and 1750 feet from the West line of Section 16, Township 1 South, Range 17 West, Pearl River County, Mississippi. The Well is the discovery Well for the School Land Field and the Lower Tuscaloosa Gas Pool in said field.

3.

That the Lower Tuscaloosa Gas Pool as encountered by the well is a separate and distinct underground reservoir or pool containing a common accumulation of hydrocarbons and that the reservoir or pool is separate and distinct from and not in communication with any other accumulation of hydrocarbons. The definition of the Lower Tuscaloosa Gas Pool is:

The Lower Tuscaloosa Gas Pool, as used herein, shall be construed to mean that portion of the Stringer Sand depicted in the interval from 9102 feet to 9112 feet on the field log of the Santa Fe Energy Company Poplarville School District No. 1 Well located 1500' North from the South line and 1750' East from the West line in Section 16, Township 1 South, Range 17 West, Pearl River County, Mississippi, and including those strata productive of gas which are interconnected and which can correlate therewith.

4.

That the presently known characteristics of the Lower Tuscaloosa Gas Pool indicate that it is a gas pool and that one well located on a drilling unit which complies with Statewide Rule No. 8 will result in a drilling unit which will include the maximum area in the pool which may be drained efficiently by one well so as to produce the reasonable maximum recoverable oil or gas in such an area without waste, and that, generally, spacing of wells should be in accordance with Statewide Rule No. 8.

5.

That the present geographical limits of the School Land Field are defined as follows:

All of Sections 8, 16, 17, 21, and 30, Township 1 South, Range 17 West, Pearl River County, Mississippi.

6.

Since the proposed Special Field Rules for the School Land Field will allow for and promote the proper and orderly development of the pool and the Field, will prevent waste, and will allow for the protection of the co-equal and correlative rights of all owners in the pool,

IT IS, THEREFORE, ORDERED AND ADJUDGED, by the State Oil and Gas Board of Mississippi, that Special Field Rules for School Land Field, Pearl River County, Mississippi, should be and are hereby adopted, so as to define the Lower Tuscaloosa Gas Pool and

to provide for the spacing of gas wells in said pool in the manner and to the extent set forth on Exhibit "A" attached hereto and made a part hereof by reference and the same shall be as of this date the Special Field Rules for School Land Field, Pearl River County, Mississippi.

ORDERED AND ADJUDGED, this the 20th day of March, 1985.

STATE OIL AND GAS BOARD
OF MISSISSIPPI

BY: Joe R. Linder, Jr.
Chairman

440/SFD.1

EXHIBIT "A"

SPECIAL FIELD RULES
FOR THE SCHOOL LAND FIELD
PEARL RIVER COUNTY, MISSISSIPPI

FIELD LIMITS:

The School Land Field as used herein is that area consisting of all of Sections 8, 16, 17, 21, and 30, Township 1 South, Range 17 West, Pearl River County, Mississippi, underlain by the Lower Tuscaloosa Gas Pool as hereinafter defined and all productive extensions thereof correlative and interconnected therewith.

LOWER TUSCALOOSA GAS POOL:

The Lower Tuscaloosa Gas Pool, as used herein, shall be construed to mean that portion of the Stringer Sand depicted in the interval from 9102 feet to 9112 feet on the field log of the Santa Fe Energy Company Poplarville School District Well No. 1 located 1500' North from the South line and 1750' East from the West line in Section 16, Township 1 South, Range 17 West, Pearl River County, Mississippi, and including those strata productive of gas which are interconnected and which can correlate therewith.

DRILLING UNIT SIZE:

The characteristics of the Lower Tuscaloosa Gas Pool in said field are such that a well located as hereinafter prescribed and drilled on a drilling unit consisting of three hundred twenty (320) acres, conforming to the requirements herein contained, will effectively drain and produce the recoverable gas from such unit in said gas pool without avoidable waste.

RULE I - SPACING GAS WELLS:

Every well hereinafter drilled as a gas well in the School Land Field to the Lower Tuscaloosa Gas Pool:

(A) Shall be located on a drilling unit consisting of three hundred twenty (320) contiguous surface acres, or a governmental half section containing not less than three hundred (300) acres or more than three hundred and forty (340) acres, or eight (8) continuous governmental quarter-quarter sections whose total acreage is not less than 300 or more than 340 acres upon which no other drilling or producible well is located;

(B) Any drilling unit not composed of a governmental half section must be completely encompassed by the perimeter of a rectangle 3735 feet by 5380 feet;

(C) Shall be located at least 1980 feet from every other drilling or producible well located in the School Land Field in conformity with this rule;

(D) Shall be located at least 990 feet from every exterior boundary of the drilling unit;

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

RULE II - APPLICABILITY OF STATE RULES:

(A) All Statewide Rules and Regulations of this Board, and any amendments thereto, not specifically covered in the foregoing Special Field Rules, are hereby adopted and shall apply in said field.

(B) The Rules and Regulations shall become effective as of the effective date of the Order adopting these Rules.

(C) The Board expressly reserves the right after notice and hearing to alter, amend, or repeal any or all of the foregoing Rules and Regulations.

423/EA.1