

THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF GERMANY OIL COMPANY
TO AMEND THE SPECIAL FIELD RULES
FOR THE EAST SHANNON FIELD,
LEE COUNTY, MISSISSIPPI

DEC 30 1997

STATE OIL AND GAS BOARD
Walter Boone, Supervisor

DOCKET NO. 395-97-662

ORDER NO. 559-97

ORDER

THIS DAY this matter came on for hearing on the Petition of Germany Oil Company of Tulsa, Oklahoma, requesting authority to amend the Special Field Rules for the East Shannon Field in Lee County, Mississippi, and the Board finds that due and legal notice of the meeting of this Board and the hearing of the Petition has been given in the manner and time required by law and the rules and regulations of this Board; that notice to the Operator of a permitted well within the field outline of the East Shannon Field which is required under Rule 4 of the Rules of Order and Procedure for hearings before the Board adopted September 19, 1990 in Docket No. 229-90 has been given in the time and manner required and that due and proper proofs of publication and proof of personal notice are on file with this Board; that the Board has full jurisdiction of the parties and the subject matter and having considered the evidence presented, this Board is of the opinion that said Petition should be granted upon the terms herein set forth.

The Board further finds as follows:

1.

Heretofore, this Board entered its Order No. 236-87 dated June 18, 1997 in Docket No. 150-87-662, adopting Special Field Rules for the East Shannon Field in Lee County, Mississippi. The areal extent of the field covered the SE-1/4 of Section 7, S-1/2

of Section 8, Sections 16, 17, E-1/2 of Section 18, N-1/2 of Section 20 and the N-1/2 of Section 21, all in Township 11 South, Range 6 East, Lee County, Mississippi. Said Special Field Rules defined the Lewis Sand Gas Pool and the Evans Sand Gas Pool.

2.

Petitioner is the Operator of the Scruggs 15-10 No. 1 Well in the East Shannon Field, located 1,600 feet from the East line and 2,310 feet from the South line of Section 15, Township 11 South, Range 6 East, on a 320-acre gas unit in Section 15 of Township 11 South, Range 6 East. Said well has encountered not only the Evans Sand Gas Pool but also a Carter Sand Gas Pool located at the approximate interval of 1,402 feet - 1,488 feet in said well.

3.

The Carter Sand Gas Pool is a separate and distinct underground reservoir or pool containing a common accumulation of gas. The reservoir or pool is separate and distinct from and is not in communication with any other accumulation of oil or gas and its presently known characteristics are such that one well located on a drilling unit conforming to Statewide Rules, particularly Statewide Rule 8, will efficiently and adequately drain and produce the reasonably maximum recoverable hydrocarbons in the pool without waste.

4.

It is necessary to amend the Special Field Rules for the East Shannon Field so as to include therein Section 15 of Township 11 South, Range 6 East and so as to define the Carter Sand Gas Pool and provide for the spacing pursuant to Statewide Rule 8 for production therefrom. The Amendment to the Special Field Rules for the East Shannon Field will allow for and promote the proper and orderly development of the pools within the field, will prevent waste and protect the co-equal and correlative rights of all owners in said pools.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules for the East Shannon Field in Lee County, Mississippi be and the same are hereby amended in accordance with the Amended Special Field Rules attached hereto as Exhibit "A".

ORDERED AND ADJUDGED this the 26th day of December, 1997.

STATE OIL AND GAS BOARD
OF MISSISSIPPI

By: Joseph S. Zucaro
CHAIRMAN

THIS ORDER WAS PREPARED BY:

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EXHIBIT "A"

AMENDED SPECIAL FIELD RULES
FOR THE EAST SHANNON FIELD
LEE COUNTY, MISSISSIPPI

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

The SE-1/4 of Section 7, the S-1/2 of Section 8, Sections 15, 16, 17, the E-1/2 of Section 18, the N-1/2 of Section 20, and the N-1/2 of Section 21, all in Township 11 South, Range 6 East, Lee County, Mississippi.

I. The Lewis Sand Gas Pool in the East Shannon Field shall be construed to mean those strata of the Mississippian Formation productive of hydrocarbons occurring between the measured depths of 2,056 feet and 2,105 feet on the Dual Induction Log of the Ensource, Inc. - Mary Rutherford 17-10 Well No. 1 and all sands correlative of these strata productive of hydrocarbons, said well being located 2,500 feet from the South line and 1,800 feet from the East line of Section 17, Township 11 South, Range 6 East, Lee County, Mississippi.

II. The Evans Sand Gas Pool in the East Shannon Field shall be construed to mean those strata of the Mississippian Formation productive of hydrocarbons occurring between the measured depths of 1,868 feet and 1,890 feet on the Dual Induction Log of the Ensource, Inc. - Mary Rutherford 17-10 Well No. 1 and all sands correlative of these strata productive of hydrocarbons, said well being located 2,500 feet from the South line and 1,800 feet from the East line of Section 17, Township 11 South, Range 6 East, Lee County, Mississippi.

III. The Carter Sand Gas Pool in the East Shannon Field shall be construed to mean those strata of the Mississippian Formation productive of hydrocarbons occurring between the measured depths of 1,402 feet and 1,488 feet on the Dual Induction/SFL Log of the Pacific Enterprises Oil Co. (USA) - Scruggs 15-10 No. 1 Well and all sands correlative of these strata productive of hydrocarbons, said well being located 2,311 feet from the South line and 1,600 feet from the East line of

Section 15, Township 11 South, Range 6 East, Lee County, Mississippi.

IV. The characteristics of the Lewis Sand Gas Pool, the Evans Sand Gas Pool and the Carter Sand Gas Pool in said field are such that a well located as hereinafter described and drilled upon a drilling unit consisting of three hundred twenty (320) surface contiguous acres, or a governmental half-section containing not less than three hundred (300) acres or more than three hundred forty (340) acres, upon which no other drilling or producible well is located, will efficiently drain and produce the recoverable hydrocarbons from such units in said pool with avoidable waste.

RULE 1 - SPACING OF GAS WELLS:

With respect to the Lewis Sand Gas Pool, the Evans Sand Gas Pool and the Carter Sand Gas Pool of the Mississippian Formation, every well drilled as a gas well:

- (a) shall be located on a drilling unit consisting of three-hundred twenty (320) surface contiguous acres, or a governmental half-section containing not less than three hundred (300) acres or more than three hundred forty (340), or eight quarter-quarter sections contained within a governmental section and containing not less than 300 acres 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 3,735 feet by 5,380 feet. Provided, however, no unit shall be permitted which will create island acreage;
- (c) the well shall be located at least 1,980 feet from every other drilling or producible well located in conformity with this rule; and
- (d) the well shall be located at least 990 feet from every exterior boundary of the drilling unit.

RULE 2 - APPLICABILITY OF STATEWIDE RULES:

- A. All rules and regulations contained in Statewide Order No. 201-51, and any amendment thereto, not specifically covered by 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.

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