

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF BLOCK "T" PETROLEUM, INC.,
TO DISSOLVE SPECIAL FIELD RULES FOR
THE EAST SHARON FIELD,
JASPER COUNTY, MISSISSIPPI

JUL 30 2009

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 210-2009-535

ORDER NO. 377-2009

ORDER

This matter came on for hearing before the State Oil and Gas Board of Mississippi (hereinafter the "Board") on the 15th day of July, 2009, on the Petition of Block "T" Petroleum, Inc., (hereinafter the "Petitioner") to dissolve the Special Field Rules for East Sharon Field, Jasper County, Mississippi; and for related relief, said hearing being called for such purpose; and

WHEREAS, the Board finds that due, proper and legal notice of the meeting of the Mississippi State Oil and Gas Board for the purpose of considering and taking action with respect to such matter was given in the manner and way provided by Miss. Code Anno. Section 53-3-7(2) (1972) (as amended), and the Rules and Regulations of this Board; that due, legal and sufficient Proofs of Publication are on file with the Board in said matter; and that the Board has full jurisdiction of the subject-matter to hear and determine same; and

WHEREAS, pursuant to said notice a public hearing was held by the said Board in the Hearing Room of the Mississippi State Oil and Gas Board located at 500 Greymont Avenue, Suite E, Jackson, Mississippi, commencing at 10:00 o'clock, A. M. on July 15, 2009, at which hearing all persons present who desired to be heard in said matter were heard and all testimony and documentary evidence duly considered by those present at said meeting; and

WHEREAS, the Mississippi State Oil and Gas Board having heard and considered the Petition and the evidence in said docket matter at its regular July 15, 2009 meeting and being fully advised in the premises, is of the opinion and finds that the relief requested by the Petitioner should be and the same is hereby granted. The Board further finds and determines as follows:

1.

The Board finds that the East Sharon Field, Jasper County, Mississippi, has had no oil or gas production since February 1990. The Soterra, Inc., No. 1 Well was drilled in 1980 and produced small amounts of gas from the Selma Chalk Gas Pool between 1987 and February 1990. That well was plugged in 1995. The Terry 15-14, No. 1 Well was drilled in 1995 and was plugged and abandoned in 1996. All wells drilled in the East Sharon Field prior to date have been plugged and abandoned.

2.

That Board finds that by Order No. 623-2001 in Docket No. 409-2001-535, dated January 4, 2002, Special Field Rules for East Sharon Field were established by the State Oil and Gas Board of Mississippi, and an area comprised of Sections 10, 11, 14 and 15, Township 10 North, Range 11 West, First Judicial District, Jasper County, Mississippi, was designated as the area for the East Sharon Field, and the Selma Chalk Gas Pool was defined with reference to productive strata in the Soterra No. 1 Well which had been plugged in 1990. The East Sharon Field has had no production since February 1990, and the field has not been listed in the monthly production records published by the State Oil and Gas Board of Mississippi. When the Special Field Rules were adopted by this Board in January 2002, application was made to drill several Selma Chalk Gas Wells, but none of the wells were drilled and all of the permits expired.

3.

The Board finds that the Petitioner has drilled and is in the process of completing the Walker No. 1-H Well under Order No. 625-2008, Docket No. 397-2008 dated November 19, 2008, of the State Oil & Gas Board of Mississippi. Petitioner has presented evidence to the Board that productive intervals in the Selma Chalk Gas Pool in the Walker No. 1-H Well in Sections 9 and 10, Township 10 North, Range 11 West, Jasper County, Mississippi, can be correlated to the Selma Chalk Gas Pool productive intervals presently defined in the Sharon Field with the definition well being the Selma Chalk Gas Pool, J. R. Helms No. 2 Well located in the SE 1/4 of SE 1/4 of Section 17, Township 10 North, Range 11 West, Jasper County, Mississippi.

4.

The Board finds that in a companion docket the Board enlarged the geographic area in the Sharon Field to include the present area defined as the East Sharon Field. Petitioner has presented evidence to the Board that the Selma Chalk Gas Pool productive intervals in the Walker No. 1-H Well can be correlated to the productive strata now defined in the Sharon Field.

5.

The Board finds that under the present circumstances the East Sharon Field Special Field Rules should be dissolved. That the granting of the relief requested herein will promote conservation, will prevent waste, will avoid the drilling of unnecessary wells, and will fully protect the co-equal and correlative rights of all parties in interest. In addition, the granting of the relief requested will result in the ultimate recovery of gas and other hydrocarbon reserves from the area now comprising the East Sharon Field, First Judicial District, Jasper County, Mississippi, which would not otherwise be recovered.

6.

The Board finds that the existing Special Field Rules for the East Sharon Field, Jasper County, Mississippi, a copy of which Special Field Rules is attached hereto as Exhibit "A" and made a part hereof by reference, should be dissolved and terminated.

IT IS THEREFORE ORDERED AND ADJUDGED that the Special Field Rules for East Sharon Field be and are hereby dissolved.

IT IS FURTHER ORDERED AND ADJUDGED that Block "T" Petroleum, Inc., shall acquire all other permits, if any, required by any other permitting authority.

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after July 15, 2009.

Ordered and Adjudged this the 30th day of July, 2009.

MISSISSIPPI STATE OIL AND GAS BOARD

By: 

CHAIRMAN

ORDER PREPARED BY:

Dudley F. Lampton - MB #1789
John T. Armstrong, Jr. - MB #1622
Armstrong, Thomas & Lampton, PLLC
246 West Gallatin Street
P. O. Box 190
Hazlehurst, MS 39083
Telephone: (601) 894-4061
Telecopier: (601) 894-4792

EXHIBIT "A"

**SPECIAL FIELD RULES FOR THE EAST SHARON FIELD
JASPER COUNTY, MISSISSIPPI**

A. FIELD AREA

The East Sharon Field as described herein shall be comprised of those lands in Jasper County, Mississippi described as:

Township 10 North, Range 11 West
Sections 10, 11, 14 and 15

and all productive extensions of any pool which may underlie any of the above described lands.

B. POOL DEFINITION

The Selma Chalk Gas Pool is defined as those strata of the Selma Chalk Formation which may prove to be productive of gas between the depths of 4,460 feet and 5,300 feet as shown on the electric log for the Jones O'Brien Soterra, Inc. No. 1 Well located in the SE 1/4 of Section 15, Township 10 North, Range 11 West, Jasper County, Mississippi, 1,657 feet from the south line and 815 feet from the line of said section, and all such strata as are co-relative therewith.

C. SPACING OF GAS WELLS

1. The following increased density rule shall apply solely with respect to the Selma Chalk Gas Pool as defined in Rule B above.

- a. Each 320 acre gas unit contain up to four (4) producing well from the Selma Chalk Gas Pool.
- b. Each well within a unit shall be at least 600 feet from every other producing well in the same unit.
- c. Each well within such unit shall be located at least 300 feet from each exterior boundary of the drilling unit.
- d. Each increased density well shall be granted a full allowable on production.

D. INITIAL RULES APPLICABLE TO GAS WELLS

1. As to the Selma Chalk Gas Pool, each flowing gas well may be produced without production tubing as an exception to Statewide Rule 18 and any applicable rules

provided that the operator takes proper measures to protect against any undue hazard both underground and at the surface.

2. As to any well drilled solely to test the Selma Chalk Gas Pool, the operator of each well may elect, without obtaining further approval of the Board, to forego running any and all electric logs. In the event any other logs are run, such logs shall be provided to the Board.

E. SELMA CHALK GAS UNIT MEASUREMENT

As to wells producing from the Selma Chalk Gas Pool, operators may measure production on a unit instead of an individual well basis for increased density wells on the units.

F. APPLICABILITY OF STATEMENT RULES

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

2. All rules and regulations contained in the Statewide Rules, as amended, which are not specifically covered by the foregoing rules, are hereby adopted and shall apply to the East Sharon Field.

Adopted January 4, 2002, Order No. 623-2001

Docket No. 409-2001-535