

THE STATE OIL AND GAS BOARD OF MISSISSIPPI

DOCKET NO. 126-70-237

ORDER NO. 182-70

O R D E R

This cause came on this day for hearing before the State Oil and Gas Board on the petition of PAN AMERICAN PETROLEUM CORPORATION requesting that the Board adopt Special Field Rules for the Spring Hill Field, Franklin County, Mississippi, defining the 4,600 Foot Sand Oil Pool, authorizing the use of meters for measuring production and the commingling of production from the various wells and leases in the field in common storage; and further requesting that the Board authorize the installation of an automatic custody transfer system, all of which are to be connected to the present systems which have heretofore been authorized and installed in the North Freewoods Field, Franklin County, Mississippi; and

The Board finding that due, proper and legal notice of the meeting of the Board for the purpose of considering and taking action with respect to said matter has been given in accordance with law and the rules and regulations of the Board, and that the Board has jurisdiction of the subject matter; and

After public hearing held by the Board in the Woolfolk State Office Building, Jackson, Mississippi, on May 20, 1970, at which time and place all persons present who desired to be heard were heard and all evidence received; and the Board, having fully considered the evidence and recommendations presented, being of the opinion that the relief sought by the Petitioner should be granted;

IT IS, THEREFORE, Ordered by the State Oil and Gas Board of Mississippi that the relief sought by Petitioner be granted and the following Special Field Rules are hereby adopted for the Spring Hill Field, Franklin County, Mississippi; and it is further ordered that in implementing the following Special Field Rules the presently authorized and existing installations and equipment in the North Freewoods Field, Franklin County, Mississippi, may be utilized all in accordance with the Special Field Rules which are hereby adopted for the Spring Hill Field, Franklin County, Mississippi, to-wit:

**SPECIAL FIELD RULES  
FOR THE SPRING HILL FIELD  
FRANKLIN COUNTY, MISSISSIPPI**

A. The Spring Hill Field, as used herein, is that area in Section 46, Township 5 North, Range 1 East, Franklin County, Mississippi, including all productive extensions thereof, underlain by the following oil pool, to-wit:

The 4,600 Foot Sand Oil Pool, as used herein, shall be construed and defined to mean those strata of the Wilcox formation productive of oil identified by electrical log measurement from the depth of 4,840 feet to 4,862 feet in the David K. Brooks No. 2 Well located from the Northwest corner of Section 47 go South 1,056 feet along section line then West at right angles 1,369 feet, Section 46, Township 5 North, Range 1 East, Franklin County, Mississippi, and including those strata productive of oil which may be correlated therewith.

B. The characteristics of such producing pool in the Spring Hill Field are such that one well drilled on a regularly formed 40-acre drilling unit will efficiently drain and produce the recoverable oil from such unit in said pool without avoidable waste.

C. RULES

RULE 1 - MEASUREMENT OF PRODUCTION

The operator of each producing lease shall maintain proper separation equipment and stock tanks and/or metering devices

and such connections thereto as are necessary to measure the total production from such lease. Where metering devices are used, the production may be commingled in a common storage system with production from other leases and/or fields in the vicinity. And if, upon a sale therefrom, a variance exists between the measurement from the common storage system and the total measurement of the production of all the leases commingled in such common storage system, then such variance shall be allocated back to each of the leases producing into such common storage system proportionately to the production measured from each lease.

#### RULE 2 - EQUIPMENT FOR TESTS

The operator of each producing lease on which there are two or more producing wells shall maintain proper separation equipment and stock tanks and/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. Such separation equipment, stock tanks and/or metering devices and connections thereto shall be subject to approval by the Supervisor.

#### RULE 3 - USE OF METERS

The use of meters for testing and for measurement of lease production shall be subject to and in accordance with the following provisions:

- (a) Metering devices shall be of the positive displacement or positive volume type which register the volume of oil passed through it in barrels or multiples thereof.
- (b) 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 acceptable to the Oil and Gas Board.

- (c) No meter used for oil production measurement shall be directly or indirectly by-passed in such manner as to permit oil from separate leases to pass into common storage without first being measured by said meter including wells on test.
- (d) All meters and equipment affecting meter accuracy shall be kept in good working order. Each meter shall be calibrated periodically by means of a calibrated tank, a calibrated meter prover or a master meter. Any deviations found shall be corrected by use of a proper meter factor.

RULE 4 - AUTOMATIC CUSTODY TRANSFER SYSTEMS AUTHORIZED

- (a) Automatic custody transfer systems which automatically test, sample, measure and transfer the production from the operator to the transporter are hereby authorized for the Spring Hill Field. Such systems may be used to transfer production from individual leases or from common storage facilities as authorized in Rule 1 above. In the event the transfer is from such a common storage facility, the allocation of production to the leases being produced into such common storage system will be on the basis of the relationship of the measured production transferred by the automatic custody transfer system.
- (b) The automatic custody transfer system will be equipped with a sampling device which will take a representative sample of the total production passing through the system in order that the specific gravity and the basic sediment and water content can be determined.

(c) The automatic custody transfer system will be equipped with metering devices of the positive displacement or positive volume type which register the volume of oil passed through it in barrels or multiples thereof. In addition to meeting all of the requirements set out in Rule 3 above which deals with the use of the meters, said automatic custody transfer metering device will be compensated for temperature, will be so equipped as to provide an accounting of the total oil transferred by such system and will have an accuracy obtained in measurements made in calibrated prover tanks.

RULE 5 - APPLICABILITY OF STATEWIDE RULES

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

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

So Ordered and Adjudged this 20th day of May,  
1970.

STATE OIL AND GAS BOARD OF  
MISSISSIPPI

By

Allen Paul Heador  
CHAIRMAN

DMS:dj  
5/11/70