

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF THRESHOLD DEVELOPMENT COMPANY TO ESTABLISH SPECIAL FIELD RULES FOR ST. QUENTIN FIELD, LOCATED IN FRANKLIN COUNTY, MISSISSIPPI, AND OBTAIN RELATED RELIEF

FILED FOR RECORD

NOV 18 2009

**STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR**

DOCKET NO. 376-2009-955

ORDER NO. 605-2009

ORDER

THIS MATTER came on to be heard at the regular October 2009 meeting of the State Oil and Gas Board on the Petition of **THRESHOLD DEVELOPMENT COMPANY**, Petitioner, requesting the Board to establish Special Field Rules, and grant related relief. Having considered the Petition, the evidence in support thereof, and being fully advised in the premises, the Board finds that the Petition is well-taken and 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 has drilled and completed the Threshold Development Company-Central Lumber Company 6 Well No. 1 (the "Well") as the discovery well for a new oil pool in what Petitioner proposes to formally identify as "St. Quentin Field" by the adoption of Special Field Rules. The Well is located 1222 feet East of the West line and 1802 feet North of the South line of Section 6, Township 6 North, Range 5 East, Franklin County, Mississippi.

3.

Based on the evidence presented, the Board should adopt Special Field Rules for St. Quentin Field. The geographical area of St. Quentin Field should be identified as comprised of the following described lands and all productive extensions thereof:

The East One-Half of Section 1, and the East One-Half of Section 12, all in Township 6 North, Range 4 East; and the West One-Half of Section 6, Township 6 North, Range 5 East; all in Franklin County, Mississippi.

4.

The new oil pool which has been discovered in St. Quentin Field is the "Lower Tuscaloosa Oil Pool" should be defined as follows:

The Lower Tuscaloosa Oil Pool is defined as that strata of the

Tuscaloosa Formation productive of oil, gas and other hydrocarbons in the interval between the measured depths of 10,597 feet and 10,634 feet in the Threshold Development Company-Central Lumber Company Well 6 Well No. 1 (the "Well"), as indicated on the electric log of said Well, and those strata productive of oil, gas and other hydrocarbons which can be correlated therewith and are in communication therewith. The Well is located 1222 feet East of the West line and 1802 feet North of the South line of Section 6, Township 6 North, Range 5 East, Franklin County, Mississippi.

5.

Because of the geology and other reservoir factors and characteristics of the said Lower Tuscaloosa Oil Pool, the Board finds that the said pool should be developed on "80-acre spacing" as follows:

- (1) Each well shall be located on a drilling unit consisting of eighty (80) contiguous surface acres, or two (2) contiguous governmental quarter-quarter sections containing not less than seventy-two (72) acres or more than eighty-eight (88) acres, upon which no other drilling or producible well is located to the same pool.
- (2) Any drilling unit not composed of two (2) governmental quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 1600 feet by 2725 feet; provided, however, no unit shall be permitted which will create island acreage.
- (3) Each well shall be located at least 1,000 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule, and the well shall be located at least 500 feet from every exterior boundary of the drilling unit.

6.

The proposed Special Field Rules will allow for the orderly development of the field and the said pool, will result in the establishment of drilling units for the said pool; will allow the said pool to be effectively and efficiently drained and produced; will foster, encourage and promote the drilling of additional wells and the development and production of the said pool; and will prevent waste; and will safeguard, protect and enforce the coequal and correlative rights of the owners in the pool and in the field.

7.

To the extent necessary, the requested relief should be granted as an exception to any otherwise applicable Statewide Rules, rules, regulations and statutes.

IT IS, THEREFORE, ORDERED AND ADJUDGED, that the Petition filed herein is granted; the proposed Special Field Rules for St. Quentin Field are approved and adopted.

Permittee shall acquire all other permits, if any, required by any other permitting authority.

SO ORDERED AND ADJUDGED, this the 21st day of ^{November}~~October~~, 2009.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By:


CHAIRMAN

PREPARED BY:

Glenn Gates Taylor (MBN 7453)
C. Glen Bush (MBN 7589)
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ATTORNEYS FOR PETITIONER

Exhibit "A"

SPECIAL FIELD RULES FOR ST. QUENTIN FIELD

FIELD LIMITS

St. Quentin Field is defined as that geographical area consisting of the following described lands and all productive extensions thereof:

The East One-Half of Section 1, and the East One-Half of Section 12, all in Township 6 North, Range 4 East; and the West One-Half of Section 6, Township 6 North, Range 5 East; all in Franklin County, Mississippi.

POOL DEFINITIONS

1. The Lower Tuscaloosa Oil Pool is defined to mean those strata if the Tuscaloosa Formation productive of oil, gas and other hydrocarbons in the interval between the measured depths of 10,597 feet and 10,634 feet in the Threshold Development Company-Central Lumber Company Well 6 Well No. 1 (the "Well"), as indicated on the electric log of said Well, and those strata productive of oil, gas and other hydrocarbons which can be correlated therewith and are in communication therewith. The Well is located 1222 feet East of the West line and 1802 feet North of the South line of Section 6, Township 6 North, Range 5 East, Franklin County, Mississippi.

RULE 1: SPACING

A. Spacing for each well that is completed in and produces from the Lower Tuscaloosa Oil Pool shall be as follows:

- (1) Each well shall be located on a drilling unit consisting of eighty (80) contiguous surface acres, or two (2) contiguous governmental quarter-quarter sections containing not less than seventy-two (72) acres or more than eighty-eight (88) acres, upon which no other drilling or producible well is located to the same pool.
- (2) Any drilling unit not composed of two (2) governmental quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 1600 feet by 2725 feet; provided, however, no unit shall be

permitted which will create island acreage.

- (3) Each well shall be located at least 1,000 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule, and the well shall be located at least 500 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 all effective amendments thereto, not specifically covered in 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.

- End of Special Field Rules -