

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: **PETITION OF SPOONER PETROLEUM COMPANY
TO ESTABLISH SPECIAL FIELD RULES FOR
THE STRINGER FIELD, JASPER COUNTY,
MISSISSIPPI**

FILED

DEC 9 1996

STATE OIL AND GAS BOARD
JACKSON, MISSISSIPPI

DOCKET NO. 262-96-263

ORDER NO. 403-96

ORDER

THIS DAY, this cause came to be heard on the Petition of Spooner Petroleum Company ("Petitioner") requesting the Board to establish Special Field Rules for the Stringer Field, Jasper County, Mississippi; and

WHEREAS, the Board finds that due, proper, and legal notice of the meeting of the Board for the purpose of considering and taking action with respect to such matter was given in the manner required by Miss. Code Ann. §53-3-7(2) (Supp. 1994) and the rules and regulations of the Board; that due, legal, and sufficient proofs of publication and service are on file with the Board; 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 said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on November 20, 1996, at 9:30 o'clock a.m. at which hearing all persons present who desired to be heard on said matter were heard and all testimony and the evidence were duly considered by those present at said meeting; and

WHEREAS, the Board has fully considered said matter and the evidence and recommendations made in said hearing and finds as follows:

1.

Petitioner has acquired a considerable acreage position in the Stringer Field area of Jasper County, Mississippi. Petitioner plans to drill wells in this area to explore the Cotton Valley Formation.

2.

Wells have been drilled in this area since at least 1969. In fact, in 1969, the Brandon Company drilled the 30-16 No. 1 Well which has produced oil and gas from the Cotton Valley Formation in commercial quantities since that date. The cumulative production through October 1, 1996, equals 1,416,030 barrels of oil, 54,574 barrels of water, and over 1 BCF of gas from that Well. No Special

Field Rules were ever established for the Stringer Field, although several reservoirs have produced oil and gas from this area.

3.

As noted above, the Stringer Unit 30-16 was drilled in 1969 on an 80 acre unit to an approximate depth of 15,200 feet ELM and was completed in the Cotton Valley Formation. Although five other wells were completed as oil producers in the Field, they were essentially non-commercial. Cumulative production for all five wells was only 328,457 barrels of oil from various reservoirs. Petitioner believes that other lands outside the unit for the 30-16 No. 1 Well are commercially productive and plans to drill additional development wells. Each respective well will cost approximately \$1.4 million to drill and complete. The correlative rights of all owners cannot be protected on 80 acre spacing making Special Field Rules with larger spacing necessary. Petitioner requested that Special Field Rules be established for the Stringer Field to allow 160 acre units for all subsequent wells completed as to depths below 12,000 feet, but allow the Unit 30-16 No. 1 Well to remain as currently configured on its existing 80 acre unit with a full allowable. These Special Field Rules are necessary to foster, encourage, and promote the development, production, and utilization of oil and gas from the Stringer field below 12,000 feet. This amendment will prevent the necessity of drilling unnecessary wells which would constitute waste. Each subsequent Well will effectively produce oil under the 160 acre unit spacing proposed.

4.

The Board also finds that the Special Field Rules should not apply to any existing producing well within such area covered thereby, nor should the allowables for any such producing units created prior to the effective date of these Special Field Rules be reduced.

5.

The adoption of the Special Field Rules will promote conservation, protect the co-equal and correlative rights of all owners in interest, avoid the drilling of unnecessary wells and permit oil to be produced from the Cotton Valley Oil Pool which would not otherwise be produced.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the Special Field Rules for the Stringer Field, Jasper County, Mississippi be established as follows:

SPECIAL FIELD RULES FOR THE STRINGER FIELD
JASPER COUNTY, MISSISSIPPI
DESCRIPTION OF FIELD

A. The Stringer Field, as used herein, is those lands in Jasper County, Mississippi described as:

TOWNSHIP 1 NORTH, RANGE 11 EAST

Section 19: The S $\frac{1}{2}$

Section 30: All

Section 31: The North $\frac{3}{4}$

Section 24: The E $\frac{1}{2}$ of the SE $\frac{1}{4}$

Section 25: The E $\frac{1}{2}$ of the E $\frac{1}{2}$

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

POOLS

B. (1) The Cotton Valley Oil Pool, as used herein, shall be construed to mean those strata of the Cotton Valley Formation productive of oil between the electric log depths of 14,150 feet and 15,500 feet in the Amerada Hess - Unit 30-16 No. 1 situated in the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 30, Township 1 North, Range 11 East, Jasper County, Mississippi, and such strata as are correlative therewith in said field.

RULE 1 - SPACING OF OIL WELLS

(a) Each oil well completed in each pool, the top of which is encountered below a measured depth of 12,000 feet below the surface, must be located on a drilling unit composed of either: (i) four contiguous quarter-quarter sections containing not less than 144 acres and not more than 176 acres upon which no other well drilling to or producing from the same pool is located; or (ii) any drilling unit not composed of four contiguous quarter-quarter sections must contain 160 surface acres which must be completely encompassed by a perimeter of a rectangle 2,650 feet by 3,500 feet provided, however, no unit shall be permitted which will create island acreage.

(b) Every well on a unit established under Rule 1(a) shall be located at least 1,000 feet from every well drilling to or producing from the same pool and not less than 500 feet from every exterior boundary of the drilling unit.

(c) Rule 1(a) and (b) shall not affect or be applicable to the Unit for the Amerada Hess Unit 30-16 No. 1 Well which shall continue to be located on a unit composed of the S½ of the SE¼ of Section 30, Township 1 North, Range 11 East, Jasper County, Mississippi.

(d) These Special Field Rules shall be effective only as to units created after November 20, 1996, and shall not cause any producing unit already in place to be considered as a "special unit" under Miss. Code Ann. § 53-3-5 or reduce the allowable for any producing unit created prior to the effective date of these Special Field rules.

RULE 2 - APPLICABILITY OF STATEWIDE RULE

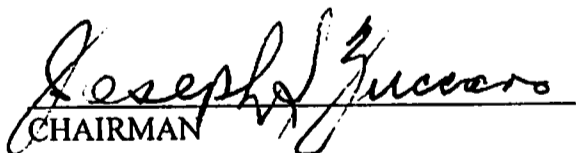
(a) The Board expressly reserves the right, after notice and hearing, to alter, amend, or repeal any or all of the foregoing Rules and Regulations.

(b) All rules and Regulations contained in the Statewide Rules, as amended, which are not specifically covered or amended by the foregoing rules, are hereby adopted and shall apply to the Stringer Field.

IT IS FURTHER ORDERED AND AJUDGED that Petitioner shall acquire any other permits, if any, required by any other permitting authority.

ORDERED AND ADJUDGED this 20th day of November, 1996.

**STATE OIL AND GAS BOARD OF
MISSISSIPPI**


CHAIRMAN

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