

FILED FOR RECORD

DEC 16 1991

STATE OIL AND GAS BOARD
R. Richard Henderson, Supervisor

BEFORE THE STATE OIL AND GAS BOARD
OF THE STATE OF MISSISSIPPI

DOCKET NO. 307-91-626

FINAL ORDER NO. 489-91

ORDER AMENDING SPECIAL FIELD RULES
AND DEFINING ADDITIONAL GAS POOL
SOUTH SUGAR RUN CREEK FIELD
CHICKASAW COUNTY, MISSISSIPPI

THIS CAUSE this day came on to be heard on the Petition of Gibraltar Energy Company, the process, the evidence, and argument of counsel and upon said hearing the Board finds:

1. That due and legal notice of the meeting of this Board for the purpose of considering this docket and this Petition has been given for the time and in the manner provided by law, and that due and proper proofs of said notice are on file with the Board. The Board thus has jurisdiction of the subject matter and the parties involved, with full right to hear and determine said cause.

2. By Order No. 552-88 in Docket No. 390-88-626, this Board established Special Field Rules for the South Sugar Run Field, and by Final Order No. 34-90 in Docket NO. 11-90-626, the said Rules were amended, reference to which prior Orders and Field Rules are here made.

3. Petitioner, Gibraltar Energy Company, has recently re-completed the CHANDLER 22-1 Well within the said Field by perforating it into a stratum not heretofore produced or defined. The Board finds that the newly penetrated pool should be defined, and the Rules amended so as to establish an orderly pattern of development for the newly defined pool. The newly penetrated pool does not appear, however, to extend outward and under lands not heretofore embraced within these Field Rules. Accordingly, the Rules will not be amended insofar as they pertain to areal extent.

4. The Board finds that there have been four separate and distinct gas pools heretofore defined, they being the REA, the

EVANS, the LEWIS, and the CARTER. The newly discovered pool is within a stratum known elsewhere in the Black Warrior Basin as the Millerella Sand Gas Pool, and an adequate definition of that sand as it is found in the South Sugar Run Creek Field is:

The Millerella Sand Gas Pool is that stratum found between 1,695 and 1,750 feet on the Electric Log for the Gibraltar Energy Company - CHANDLER ET AL. 22-1 Well located in Section 22, Township 12 South, Range 5 East; Chickasaw County, Mississippi.

5. It appears from the best geological information now available that the producing characteristics of the newly penetrated Millerella Sand Gas Pool are similar to the four pools heretofore existing, but there are significant differences in that this pool is shallower than the others, it is of lower pressure, and appears to have a very limited drainage area. It does appear as though the 320-acre units provided by the existing Field Rules is appropriate, but that the Rules should be somewhat relaxed insofar as this pool is concerned to the extent that wells drilled within 500 feet of the unit boundaries, and 1,000 feet apart, should be authorized and are adequate to protect the correlative and co-equal rights of the parties in interest. Further, it is in the interest of conservation and the prevention of waste, and in the prevention of economic waste, that the existing wells be used in order to enhance the possibility of recovering all of the available gas within the said Field. Authorizing wells to be drilled and produced within 500 feet of unit boundaries and within 1,000 feet of each other will serve that purpose and will authorize the fullest use of the existing wells; and that Rules, as shown on Exhibit "A" attached hereto, would be appropriate in the premises.

IT IS, THEREFORE, ORDERED AND ADJUDGED that:

A. South Sugar Run Creek Field in Chickasaw County, Mississippi should be those lands described in Article I of the attached Second Amended Special Field Rules.

B. The gas pools shall be known as the Rea, Evans, Lewis, Carter, and Millerella, all of which are defined in the Second Amended Special Field Rules attached hereto as Exhibit "A".

C. From this date forward, the Special Field Rules for the South Sugar Run Creek Field are here established in the exact words, figures, and phrases as contained in Exhibit "A" attached hereto and made a part hereof by reference.

ORDERED AND ADJUDGED this the November day of November, 1991.

STATE OIL AND GAS BOARD
STATE OF MISSISSIPPI

BY:

Joseph Zuccaro
CHAIRMAN

EXHIBIT "A"

SECOND AMENDED SPECIAL FIELD RULES
FOR THE SOUTH SUGAR RUN CREEK FIELD
CHICKASAW COUNTY, MISSISSIPPI

I.

FIELD AREA

The South Sugar Run Creek Field, as used herein, is that area consisting of the following described land, to-wit:

CHICKASAW COUNTY, MISSISSIPPI

TOWNSHIP 12 SOUTH, RANGE 5 EAST

Section 14:	The South Half
Section 15:	Entire
Section 22:	The Northeast Quarter
Section 23:	The North Half
Section 24:	The Northwest Quarter

And All Productive Extensions Thereof

II.

POOL DEFINITIONS

1. The REA GAS POOL is that stratum found between 2,094 and 2,139 feet on the electric log for the CARNATHAN 23-2 Well located in the Northeast Quarter of Section 23.

2. The EVANS GAS POOL is that stratum found between 2,402 and 2,436 feet on the electric log for the COLEMAN FARMS 14-15 Well located within the Southeast Quarter of Section 14.

3. The LEWIS GAS POOL is that stratum found between 2,584 and 2,610 feet on the electric log for the DEAN 14-14 Well located in the Southwest Quarter of Section 14.

4. The CARTER GAS POOL is that stratum found between 1,824 and 1,867 feet on the electric log for the Louisiana Land and Exploration No. 1 ELLIS 15-9 Well located in the Northeast Quarter of Section 15.

5. The MILLERELLA SAND GAS POOL is that stratum found between 1,695 and 1,750 feet on the electric log for the Gibraltar

- CHANDLER et al. 22-1 Well located in Section 22, Township 12 South, Range 5 East.

III.

SPACING OF GAS WELLS

1. Every well drilled into a gas pool other than the Millerella Sand Gas Pool as a gas well:

(a) Shall be located on a drilling unit consisting of 320 contiguous surface acres, or a governmental half-section containing not less than 300 or more than 340 acres, upon which no other drilling or producible well is located;

(b) Shall be located at least 1,320 feet from every other drilling or producible well located in conformity with this Rule;

(c) Shall be located not less than 660 feet from every exterior boundary of the unit; and

(d) Adoption of these rules shall not be construed to result in the COLEMAN FARMS 14-14 Well being an illegal well in that its exceptional location as a gas well has already been approved by this Board

2. Every well drilled as a gas into the Millerella Sand Gas Pool shall have the above stated spacing, except the same may be drilled within 500 feet of any exterior boundary of the unit and wells may be located within 1,000 feet of each other.

IV

APPLICABILITY OF STATE-WIDE RULES

(a) All rules and regulations contained in Statewide Order No. 201-51, and any 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.