

APR 10 1990

STATE OIL AND GAS BOARD
BEFORE THE STATE OIL AND GAS BOARD ^{A. Richard Henderson, Supervisor}
OF THE STATE OF MISSISSIPPIDOCKET NO. 71-90-254ORDER NO. 143-90

TALLAHALA CREEK FIELD

F I N A L O R D E R
AMENDING THE AMENDED SPECIAL FIELD RULES FOR THE
TALLAHALA CREEK FIELD
FOR THE PURPOSE OF DEFINING ADDITIONAL POOLS

This cause this date came on for hearing at the March 1990 regular meeting of the Mississippi State Oil and Gas Board upon the Petition of R & H OIL & GAS, INC. for oral and documentary evidence and on argument of counsel, and upon said hearing the Board finds:

A. That this Board has jurisdiction of the subject matter of this Petition, and that due and legal notice of the meeting of the Board, for the purpose of considering the above Petition has been given in the manner and form so provided by the rules and regulations of this Board, and that due and proper proof of all legal and required notices are on file with the Board in this cause, and that the Board has the right to hear said cause and determine the same at the meeting of this Board held on March 21, 1990, in the offices of the Mississippi State Oil and Gas Board in Jackson, Mississippi.

B. That Petitioner has demonstrated the existence of stratigraphic intervals which are productive of hydrocarbons within the Cotton Valley formation, the Hosston formation, the Sligo formation, and the Rodessa formation which have not been previously defined in the Amended Special Field Rules for the Tallahala Creek Field and which are separate and distinct from the oil pools so defined therein.

C. That all other provisions of the Tallahala Creek Field Amended Special Field Rules are adequate and should be made applicable to the oil pools proposed by the Petitioner.

IT IS THEREFORE ORDERED AND ADJUDGED THAT IN VIEW OF THE ABOVE FINDINGS THAT:

1. The petition filed herein be and the same is hereby granted and that the Amended Special Field Rules for the

Tallahala Creek Field, and in particular those established by the Board on April 19, 1967, in Docket No. 80-67-254 by Order No. 115-67 as amended by Order No. 410-67 issued December 20, 1967, in Docket No. 299-67-254; as amended by Order No. 112-68 issued April 17, 1968, in Docket No. 77-68-254; as amended by Order No. 202-68 issued August 21, 1968, in Docket No. 155-68-254; as amended by Order No. 331-68 issued December 18, 1968, in Docket No. 256-68-254; as amended by Order No. 297-70 issued in Aocket No. 203-70-254 on August 18, 1970; as amended by Order No. 235-71 issued in Docket No. 170-71-254 on September 15, 1971; and as last amended by Order No. 121-72 issued in Dockwet No. 68-72-254 on May 17, 1972, and all other orders and amendments relating thereto be and the same are hereby amended and supplemented to read as follows, to-wit:

AMENDED SPECIAL FIELD RULES
TALLAHALA CREEK FIELD
SMITH COUNTY, MISSISSIPPI

The Tallahala Creeek Field, as used herein, is that area comprising the South One Half and West One Half Northwest Quarter of Section 4, all of Section 5, less and except the East One Half of Northeast Quarter, all of Sections 6, 7, 8, and 9, all in Township 1 North, Range 9 East, and Section 31, Township 2 North, Range 9 East, Smith County, Mississippi, underlain by the Smackover Oil Pool, the Cotton Valley Oil Pool, the Cotton Valley Upper Oil Pool, the Hosston Oil Pool, the Sligo Oil Pool, and the Rodessa Oil Pool, as hereinafter defined, together with all productive extensions thereof.

The East Tallahala Creek Field as used herein is that area consisting of South Half of Section 32, Township 2 North, Range 9 East, and the North Half of Section 4, and the East Half of Northeast Quarter of Section 4, all in Township 1 North, Range 9 East, Smith County, Mississippi, underlain by the Cotton Valley (East) Oil Pool and the Smackover "A" Pool and Smackover "B" Pool, as hereinafter defined, together with all productive extensions thereof.

RODESSA OIL POOL DEFINED-Tallahala Creek Field

The Rodessa Oil Pool in the Tallahala Creek Field, as used herein, shall refer to the stratagraphic interval of the Rodessa Formation productive of oil and gas from the depth of

10,940 feet to the depth of 11,508 feet in the R & H Oil & Gas. Inc. Lane-Shanks No. 1 well located 526 feet south and 779 feet east of the NW corner of the NE SE of Section 6, T1N, R9E, Tallahala Creek Field, Smith County, Mississippi.

SLIGO OIL POOL DEFINED-Tallahala Creek Field

The Sligo Oil Pool in the Tallahala Creek Field, as used herein, shall refer to the stratigraphic interval of the Sligo Formation productive of oil and gas from the depth of 11,508 feet to the depth of 11,740 feet in the above named Lane-Shanks No. 1 well, as indicated on the electric log of said well, and all sands correlative therewith productive of hydrocarbons.

HOSSTON OIL POOL DEFINED-Tallahala Creek Field

The Hosston Oil Pool in the Tallahala Creek Field, as used herein, shall refer to the stratigraphic interval of the Hosston Formation productive of oil and gas from the depth of 11,740 feet to the depth of 13,450 feet in the above named Lane-Shanks No. 1 well, as indicated on the electric log of said well, and all sands correlative therewith productive of hydrocarbons.

COTTON VALLEY UPPER OIL POOL DEFINED-Tallahala Creek Field

The Cotton Valley Upper Oil Pool in the Tallahala Creek Field, as used herein, shall refer to the stratigraphic interval of the Cotton Valley Formation productive of oil and gas from the depth of 13,450 feet to the depth of 15,580 feet in the above named Lane-Shanks No. 1 well, as indicated on the electric log of said well, and all sands correlative therewith productive of hydrocarbons.

COTTON VALLEY OIL POOL DEFINED-Tallahala Creek Field

The Cotton Valley Oil Pool in the Tallahala Creek Field shall be construed to mean those strata of the Cotton Valley Sandstone Formation productive of oil in the interval between 15,564 feet and 15,680 feet in the Shell-Hess M. G. James No. 1 well located 330 feet north and 330 feet west of the Southeast Corner of Northwest Quarter of Southeast Quarter, Section 5, Township 1 North, Range 9 East, Smith County, Mississippi, as indicated on the electric log of said well and all sands correlative of said strata productive of hydrocarbons.

COTTON VALLEY (EAST) OIL POOL DEFINED-East Tallahala Creek Field

The Cotton Valley (East) Oil Pool in the East Tallahala Creek Field shall be construed to mean those strata of the Cotton Valley Formation productive of hydrocarbons in the interval between 16,090 feet and 16,270 feet in the Texas Interstate Oil and Gas Company, et al, No. 1 Lane well, located on a unit described as the East Half of Northeast Quarter, Section 5, Township 1 North, Range 9 East, Smith County, Mississippi, as indicated on the dual induction lateral log of said well and including those strata productive of hydrocarbons which can be correlated therewith.

SMACKOVER "II" OIL POOL DEFINED-Tallahala Creek Field

The Smackover "II" Oil Pool in the Tallahala Creek Field shall be construed to mean those strata of the Smackover Formation productive of oil in the interval between 15,674 feet and 15,920 feet in the Shell, et al - L. C. Duckworth No. 1 Well located 940 feet from the South line and 500 feet from the West line of the unit which consists of the E/2 of SW/4 of Section 4, Township 1 North, Range 9 East, Smith County, Mississippi, as indicated on the electric log of said well and all sands correlative of said strata productive of hydrocarbons.

MIDDLE SMACKOVER OIL POOL DEFINED-Tallahala Creek Field

The Middle Smackover Oil Pool in the Tallahala Creek Field shall be construed to mean those strata of the Smackover Formation productive of oil in the interval between 15,920 feet and 16,026 feet in the Shell, et al L. C. Duckworth No. 1 Well located 940 feet from the South line and 500 feet from the West line of the unit which consists of the E/2 SW/4, Section 4, Township 1 North, Range 9 East, Smith County, Mississippi, as indicated on the electric log of said well and all sands correlative of said strata productive of hydrocarbons.

SMACKOVER "A" OIL POOL DEFINED-East Tallahala Creek Field

The Smackover "A" Oil Pool in the East Tallahala Creek Field shall be construed to mean those strata of the Smackover Formation productive of oil in the interval between 16,480 feet

and 16,845 feet in the Hess Oil and Chemical Corporation, Scurlock Oil Company, Riddell Petroleum Corporation and R. M. Harris & Associates No. 1 McMullan-Hancock Unit 4-3 Well located 660 feet North and 500 feet East of the Southwest Corner of the East Half of the Northwest Quarter of Section 4, Township 1 North, Range 9 East, Smith County, Mississippi, as indicated on the electric log of said well and all sands correlative of said strata productive of hydrocarbons.

SMACKOVER "B" OIL POOL DEFINED-East Tallahala Creek Field

The Smackover "B" Oil Pool in the East Tallahala Creek Field shall be construed to mean those strata of the Smackover Formation productive of oil in the interval between 16,630 feet and 16,683 feet in the Prudential Minerals Exploration Corporation - Lane #1 Well (permitted as Texas Interstate Oil and Gas Company - Lane #1), located 1274 feet from the North line and 823 feet from the East line of Section 5, Township 1 North, Range 9 East, Smith County, Mississippi, as indicated on the electric log of said well and all sands correlative of said strata productive of hydrocarbons.

SMACKOVER "C" OIL POOL DEFINED-East Tallahala Creek Field

The Smackover "C" Oil Pool in the East Tallahala Creek Field shall be construed to mean those strata of the Smackover Formation productive of the oil between 16,683 feet and 16,750 feet in the Prudential Minerals Exploration Corporation - Lane #1 Well (permitted as Texas Interstate Oil and Gas Company - Lane #1), located 1274 feet from the North line and 823 feet from the East line of Section 5, Township 1 North, Range 9 East, Smith County, Mississippi, as indicated on the electric log of said well and all sands correlative of said strata productive of hydrocarbons.

DRILLING UNITS-

Individual Drilling Units

The Rodessa Oil Pool, The Sligo Oil Pool, The Hosston Oil Pool, The Cotton Valley Upper Oil Pool, The Cotton Valley Oil Pool (all in the Tallahala Creek Field), The Cotton Valley Oil Pool (East Tallahala Creek Field), The Smackover "II" Oil Pool (Tallahala Creek Field), The Middle Smackover Oil Pool

(Tallahala Creek Field), The Smackover "A" Oil Pool (East Tallahala Creek Field), The Smackover "B" Oil Pool (East Tallahala Creek Field) and The Smackover "C" Oil Pool (East Tallahala Creek Field) in said Field are such that a well located as hereinafter prescribed and drilled upon an individual drilling unit as herein defined containing approximately 80 contiguous surface acres conforming to the requirements herein contained will efficiently drain and produce the recoverable oil from such individual drilling unit in said pools without avoidable waste.

Middle Smackover Oil Pool Unit

The Middle Smackover Oil Pool Unit of the East Flank Reservoir of the Tallahala Creek Field, Smith County, Mississippi, has been created by voluntary agreement for the purpose of bringing about the development and operation of the Middle Smackover Oil Pool Unit, East Flank Reservoir, Tallahala Creek Field, as a unit operation in order to establish and carry out a plan of pressure maintenance and secondary recovery operations. It is proper and necessary for the promotion of conservation to consider and treat the unit area of the Middle Smackover Oil Pool Unit as a single drilling and producing unit as to all of the tracts contained therein, subject only to such limitation as may be required in order to protect the coequal and correlative rights of all owners in those tracts within the Tallahala Creek Field, Middle Smackover Oil Pool, East Flank Reservoir who have not voluntarily consented to join in the Middle Smackover Oil Pool Unit. The rules hereinafter provided for the Middle Smackover Oil Pool Unit of the Tallahala Creek Field will enable said Middle Smackover Oil Pool to be efficiently developed and operated and the recoverable oil and gas therein contained to be recovered with full protection of the coequal and correlative rights of all parties and without avoidable waste.

The Middle Smackover Oil Pool Unit of the East Flank Reservoir, Tallahala Creek Field is hereby defined as follows:

Smith County, Mississippi, Township 1 North, Range 9 East
S 1/2 and W 1/2 NW 1/4 Section 4

E 1/2 SE 1/4 Section 5

N 1/2 Section 9

RULE 1-SPACING OF OIL WELLS

A. (1) The Middle Smackover Oil Pool Unit, as above defined, and as described in the Unitization Agreement and Operating Parties Agreement for said Unit Area, is hereby established as a single unit-wide drilling and producing unit in the Middle Smackover Oil Pool in said East Flank Reservoir and for each and all of the oil wells heretofore drilled and completed, and which may hereafter be drilled and completed in said East Flank Reservoir on the Unit Area; however, such Unit shall not include all or any portion of any individual drilling unit as such term is defined in Subsection (2) hereof, nor shall it include the net acreage herein, which is attributable to any operating or royalty interest which has not been made subject to the Unitization Agreement for the Middle Smackover Oil Pool Unit, East Flank Reservoir, Tallahala Creek Field.

(2) When used in these rules, the words "individual drilling unit" shall mean a drilling unit now existing in the entire Tallahala Creek Field, or hereafter created in accordance with the Statewide Rules of this Board or the Special Field Rules for the Tallahala Creek Field, wherein the ownership of any operating or royalty interest has not been made subject to the Unitization Agreement creating the Middle Smackover Oil Pool Unit, East Flank Reservoir, Tallahala Creek Field.

(3) Each oil drilling unit heretofore established in the Tallahala Creek Field or which may be hereinafter established therein under the provisions of the Statewide Rules of this Board with respect to which any ownership of an operating or royalty interest that has not been committed to the Unitization Agreement creating the Middle Smackover Oil Pool Unit, East Flank Reservoir shall maintain its status as an individual drilling and producing unit as to such uncommitted operating or royalty interest. The locations of wells upon such drilling unit shall be governed by the applicable Special Field Rules for the Tallahala Creek Field as promulgated by this Board.

B. Each oil drilling unit heretofore or hereinafter established in the Tallahala Creek Field under the provisions of the Statewide Rules of this Board, or the provisions of the Tallahala Creek Special Field Rules, for the production of oil from the Tallahala Creek Field shall be considered as producing from the above described Tallahala Creek Field.

C. Every well drilled as an oil well on an individual unit:

(1) shall be drilled on a drilling unit consisting of two contiguous governmental quarter-quarter sections containing not less than 72 acres or on a drilling unit consisting of approximately 80 contiguous acres upon which no other drilling or producible well from the same oil pool is located;

(2) the longest boundary line of said unit shall run on a north-south basis in the Tallahala Creek Field;

(3) shall be located at least 500 feet from every exterior boundary of the drilling unit;

(4) shall be located at least 1320 feet from every other drilling or producing well located in the same field;

(5) the distance between any two points farthest apart on the drilling unit upon which the well is located shall not exceed 3,200 feet.

D. The location of wells upon the Middle Smackover Oil Pool Unit, East Flank Reservoir and the rates of production therefrom shall be governed by standards of geology and petroleum engineering which are designed to bring about the greatest ultimate recovery of the hydrocarbons contained in the Middle Smackover Oil Pool, East Flank Reservoir; however, no well in the Middle Smackover Oil Pool Unit may be drilled nearer than 500 feet from any exterior boundary of the Middle Smackover Oil Pool Unit, except upon permit issued by this Board after notice and hearing.

RULE II - ALLOCATION OF PRODUCTION

A. The maximum efficient daily rate of production for the pools in the Tallahala Creek Field shall be determined and fixed by the Board after notice and hearing and the same shall continue to be each of said pool's daily allowables. Until the Board re-establishes the daily allowable for each of said

pools, the allowable for all wells in the Tallahala Creek Field shall be governed by Tallahala Creek Field, Allowable Order No. 210-70 of this Board dated June 17, 1970. Until the Board establishes the allocation of the allowable for all pools except the Middle Smackover Oil Pool, East Flank Reservoir, the allowable and allocation for all wells in said pools shall continue to be governed by Tallahala Creek Field Allowable Order No. 210-70 of this Board dated June 17, 1970.

B. (1) The daily allowable for the Middle Smackover II Pool, East Flank Reservoir shall be allocated as follows: To each individual drilling unit in the Middle Smackover Oil Pool there shall be allocated that proportionate part of said pool's daily allowable that the surface acreage content of such individual drilling unit bears to the total surface acreage content within all such individual drilling units plus the total surface acreage contained within the Middle Smackover Oil Pool Unit, East Flank Reservoir. The remainder of the daily allowable shall be allocated to the Middle Smackover Oil Pool Unit.

(2) Any drilling unit in the Middle Smackover Oil Pool, East Flank Reservoir, Tallahala Creek Field which is not capable of producing, without committing waste, the allowable assigned to it under Rule II B (1) shall be considered a deficient unit. The difference between the allowable assigned to a deficient unit and that which it is capable of producing, without waste, shall be distributed to the non-deficient individual drilling units and the fieldwide unit on the same surface acreage basis of apportionment prescribed in said Rule II B (1).

(3) The daily allowable production for the Middle Smackover Oil Pool Unit may be produced by any well or wells located in the Middle Smackover Oil Pool Unit Area; provided, however, that no well shall be operated in such manner as to cause waste as defined by the laws of the State of Mississippi.

RULE III - SECONDARY RECOVERY AND PRESSURE MAINTENANCE

OPERATIONS AUTHORIZED

A. The operator of the Middle Smackover Oil Pool Unit is

hereby authorized to conduct secondary recovery and pressure maintenance operations in the Middle Smackover Oil Pool of the Tallahala Creek Field by the injection of water, gas or other substances or any combination thereof into the following named existing well located in the Middle Smackover Oil Pool Unit Area. to-wit:

Southwest Gas Company, et al Hosey-Ingram Well No. 1, located in the E 1/2 NE 1/4 Section 9, Township 1 North, Range 9 East, Smith County, Mississippi.

A permit for the recompletion of each of said wells will be issued by the Board upon the filing of Form 2 with the information required by Statewide Rule 45.

B. The conversion of the above named well in the Middle Smackover Oil Pool Unit, East Flank Reservoir, Tallahala Creek Field, to an injection well shall not affect the poolwide daily allowable provided for in Rule II B above.

C. As pressure maintenance operations progress, the unit operator may use for injection purposes additional wells, either converted producing wells or wells drilled for injection purposes: however, prior to use of such additional wells for injection purposes, the unit operator must secure the approval of the Oil and Gas Board in accordance with the applicable rules and regulations of the Board pertaining to injection wells.

RULE IV - APPLICABILITY OF STATEWIDE RULES

A. All Statewide Rules and Regulations of this Board and any amendments thereto which are not specifically covered by the foregoing Special Field Rules are hereby adopted and shall apply to the Tallahala Creek Field.

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

ORDERED THIS the 22nd day of March, 1990.

MISSISSIPPI STATE OIL AND GAS BOARD

By J. B. Mayer Mc Ghee

CHAIRMAN