

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF HARDY OIL AND GAS U.S.A.,
INC. TO ESTABLISH PERMANENT SPECIAL
FIELD RULES FOR UTICA FIELD, HINDS
COUNTY, MISSISSIPPI

APR 10 1990

STATE OIL AND GAS BOARD
A. Richard Henderson, Secretary

DOCKET NO. 98-90-712

ORDER NO. 169-90

ORDER

THIS DAY this matter came on for hearing before the State Oil and Gas Board on the Petition of Hardy Oil and Gas U.S.A., Inc. to establish Permanent Special Field Rules for Utica Field, Hinds County, Mississippi, such hearing being called for such purpose; and

WHEREAS, 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 such matter was given in the manner and way provided by law and the rules and regulations of the law, and that due, legal and sufficient proofs of publication 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 given, public hearing was held by said Board at the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on March 21, 1990, at which hearing all persons present who desired to be heard on said matter were heard and all testimony and 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 is a successor to Zilkha Energy Company as the operator of the W. E. Hammond 15-7 No. 1 Well, the discovery well for the field, which was drilled to a total depth of 19,388 feet pursuant to Order No. 51-88 in Docket

No. 31-88. The Hammond Well is producing oil in commercial quantities from the Sligo Oil Pool. At present, there are temporary Special Field Rules for the Utica Field, adopted by Order No. 24-89, defining the Sligo Oil Pool and providing for 160 acre spacing for a temporary period, which expired on July 19, 1989 and was extended for an additional six months, to January 19, 1990, by Order No. 350-89. Subsequently, by Order No. 39-90, in Docket No. 16-90-712, the temporary Special Field Rules were extended until March 21, 1990.

2. Petitioner has drilled two additional wells to the Sligo Formation, the Davis-Miley 10-11 No. 1 Well and the Davis 10-16 No. 1 Well in Utica Field. The Davis-Miley Well has been abandoned as non-commercial. The Davis 10-16 No. 1 Well is currently completed and producing from the Sligo Formation.

3. By virtue of the drilling of said wells, and through review of other available data, Petitioner has developed and presented a comprehensive knowledge of the geographical limits of the field and of its reservoir and engineering characteristics. Petitioner has shown that the entire productive Sligo Formation of the Utica Field can be efficiently drained by the two wells presently completed therein and producing therefrom, the Hammond 15-7 No. 1 Well and the Davis 10-16 No. 1 Well. The productive potential of the Sligo Formation is extremely limited and the drilling of additional wells will result in economic waste. Petitioner has earlier requested that the Sligo Oil Pool in the field be developed on 160 acre spacing. Petitioner has now demonstrated that the Hammond and Davis Wells are structurally situated in a manner that clearly supports 320 acre spacing. Further, the extraordinary fluid characteristics of the hydrocarbons produced from these wells and from the Sligo Formation generally in this field, are such that said fluids can be expected to migrate from great distances, and this migration will easily drain 640 acres of this reservoir. Consequently,

The Board is of the opinion that the Special Field Rules should allow 320 acre oil units for the Hammond and Davis 15-7 wells and all other Sligo wells.

4. The Board finds that the entire productive Sligo reservoir can be drained by these two wells and that no other form of spacing will produce a reservoir without either causing the drilling of unnecessary wells, or adversely affecting the coequal and correlative rights of the owners of production. The Board, therefore, orders that the Special Field Rules for the Utica Field authorize 320 acre spacing for the Hammond and Davis 10-16 wells, and provide for 320 acre drilling permits for any additional wells sought to be drilled to the Sligo Oil Pool.

IT IS THEREFORE ORDERED AND ADJUDGED that the following Special Field Rules be and are hereby established as the Permanent Special Field Rules for Utica Field:

**SPECIAL FIELD RULES FOR THE UTICA FIELD,
HINDS COUNTY, (2ND JUDICIAL DISTRICT), MISSISSIPPI**

A. THE FOLLOWING RULES SHALL APPLY TO THE SLIGO OIL POOL OF THE SLIGO FORMATION:

FIELD LIMITS:

**Hinds County (2nd Judicial District),
Mississippi; Township 3 North, Range 4 East**

All of Sections 9, 10, 11, 14, 15 and 16.

1. The Sligo Oil Pool of the Sligo Formation, as used herein, shall be construed to mean those strata of the Sligo Formation productive of oil in the interval between 14,000 feet and 14,127 feet in the Zilkha Energy Company - W. E. HAMMOND 15-7 WELL NO. 1 located 1,700 feet South of the North line and 1,990 feet West of the East line of Section 15, Township 3 North, Range 4 West, Hinds (2nd Judicial District) County, Mississippi, as indicated on the electric log of said well, and all sands correlative of said strata and inter connected therewith which are productive of oil.

2. The area defined as lying within the Utica Field consists of regular governmental sections of approximately 640 acres each.

RULE 1 - SPACING OF OIL WELLS IN THE SLIGO OIL POOL:

Every well drilled as an oil well to the Sligo Oil Pool and productive therein:

- (a) Shall be located on a drilling unit consisting of (1) 320 contiguous surface acres with a 5% more or less acreage tolerance; or (2) a governmental quarter section containing not less than 300 acres, or more than 340 acres; or (3) four contiguous governmental quarter-quarter sections whose total acreage is not less than 300 or more than 340 acres, upon which no other drilling or producible well is located;
- (b) Any oil unit formed under Rule 1(a) must be completely encompassed by the perimeter of a rectangle 3,735 feet by 5,380 feet. Provided, however, no unit shall be permitted which will create island acreage;
- (c) The well shall be located at least 1,980 feet from every other drilling or producible well in the Sligo Oil Pool located in conformity with this rule;
- (d) The well shall be located at least 860 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 any amendments thereto, not specifically covered by 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.

ORDERED AND ADJUDGED this the 22nd day of March, 1990.

MISSISSIPPI STATE OIL AND GAS BOARD

BY: L. B. Magee, Jr.
CHAIRMAN