

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF TEXSTAR PETROLEUM, INC., TO AMEND SPECIAL FIELD RULES FOR NORTH WAUSAU FIELD, WAYNE COUNTY, MISSISSIPPI; OR IN THE ALTERNATIVE, TO REFORM THE UNIT FOR ITS BOARD OF EDUCATION 16-12 NO. 1 WELL AS AN EXCEPTION UNIT WITH RESULTING EXCEPTION SURFACE LOCATION AND INTEGRATION OF ALL INTERESTS THEREIN

FILED FOR RECORD

JUN 24 1999

STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR

DOCKET NO. 117-99-552
ORDER NO. 197-99

AMENDED ORDER

On June 16, 1999, this matter came on for hearing before the State Oil and Gas Board on the Petition of TexStar Petroleum, Inc., (TexStar) asking that the Special Field Rules previously adopted by this Board in the above field be amended to allow for 320 acre spacing in the 14,950' Cotton Valley Gas Pool for North Wausau Field, Wane County, Mississippi, such hearing being called for such purposes;

WHEREAS, the Board finds that due, proper and legal notice of the meeting of the Board for the purpose of considering an taking action with respect to such matter was given in the manner and way provided by law and the rules and regulations of the Board; that due, legal and sufficient proofs of publication are on file with the Board; and that the Board has full jurisdiction of the parties and subject matter to hear and determine same; and

WHEREAS, Century Offshore Management Corporation (Century) timely filed a Notice of Contest in this docket, and filed for alternative relief in Docket No. 107-99-552; and

WHEREAS, pursuant to said notice, service of process and notice of contest, a consolidated public hearing for Docket No. 107-99-552 and Docket 117-99-552 was held by said Board in the hearing room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on June 16, 1999, at which 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 on the merits of TexStar's petition and recommendations made in said hearing and finds as follows:

1. Pursuant to Order No. 132-98, entered by this Board on April 23, 1998, Petitioner directionally drilled its Board of Education 16-12 No. 1 Well (Well) to an exception bottom hole

location on a 320 acre gas unit composed of the following lands:

Existing Unit:

SE1/4 of NE1/4 and E1/2 of SE1/4, Section 17; NE1/4 of NE1/4, Section 20; NW1/4 of NW1/4, Section 21; W1/2 of SW1/4 and SW1/4 of NW1/4, Section 16; all in Township 8 North, Range 9 West, North Wausau Field, Wayne County, Mississippi, containing 320 acres, more or less.

The Norphlet Formation was the objective formation but Petitioner completed its Board of Education 16-12 No. 1 Well in the (subsequently defined) 14,950' Cotton Valley Gas Pool.

2. By Order No. 12-99 the State Oil & Gas Board adopted amended Special Field Rules for North Wausau Field, Wayne County, Mississippi, defining the 14,950' Cotton Valley Gas Pool as a new gas pool in the North Wausau Field and changing the areal extent of said field.

3. The Special Field Rules of North Wausau Field provide for 320 acre spacing for wells completed in the Norphlet Gas Pool but Statewide Rules apply to all other formations and pools, including the 14,950' Cotton Valley Gas Pool. Said rules require 640 acre spacing for gas wells of that depth, including Petitioner's Board of Education 16-12 No. 1 Well. Petitioner's Well will not effectively and efficiently drain a 640 acre gas unit and will only efficiently and effectively drain a gas unit of less than 320 acres.

4. Petitioner proposed 320 acre spacing for the 14,950' Cotton Valley Gas Pool as set out in the new Rule 2(B) in the proposed amended Special Field Rules attached to the Petition as Exhibit A.

5. Petitioner proposed that the adoption of the amended Special Field Rules for the North Wausau Field, as set forth in Exhibit "A" hereto, will promote the orderly development of the 14,950' Cotton Valley Gas Pool, will promote conservation and prevent waste, will protect and enforce the co-equal and correlative rights of all parties, will avoid the drilling of unnecessary wells, and will permit hydrocarbons to be produced from the field which would not otherwise be recoverable.

IT IS, THEREFORE, ORDERED AND ADJUDGED, that the relief requested in the Petition herein is well taken and should be granted and that the Special Field Rules for North Wausau Field, Wayne County, Mississippi, shall be as set out in Exhibit "A", attached hereto.

IT IS FURTHER ORDERED, on evidence presented to the Board, that TexStar's Board of Education 16-12 No. 1 Well is underlain by greater than the minimum number of acres of

hydrocarbons and should be and is granted a full allowable and that the existing unit and exception bottom hole location, previously approved by the Board, is ratified and confirmed.

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

ORDERED AND ADJUDGED this the 16th day of June, 1999.

MISSISSIPPI STATE OIL & GAS BOARD

By: 
CHAIRMAN

OF COUNSEL:

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ATTORNEY FOR PETITIONER,
TEXSTAR PETROLEUM, INC.

AGREED AS TO FORM:

WATTS C. UELTSCHY
Attorney for TexStar Petroleum, Inc.

GLENN GATES TAYLOR
Attorney for Century Offshore
Management Corporation

EXHIBIT "A"

**AMENDED SPECIAL FIELD RULES FOR THE
NORTH WAUSAU FIELD
WAYNE COUNTY, MISSISSIPPI**

A. The North Wausau Field, as used herein, is that area consisting of the following described lands as underlain by the Rodessa Three Oil Pool, the Hosston-Morrison Gas Pool, the Sligo Gas Pool, 14,950' Cotton Valley Gas Pool and the Norphlet Gas Pool and all productive extensions thereof;

Wayne County, Mississippi
Township 8 North, Range 9 West

Section 16: The Entire Section
Section 17: The Entire Section
Section 18: The East One Half
Section 19: The East One Half
Section 20: The Entire Section
Section 29: The Entire Section
Section 30: The Northeast Quarter

B. The Rodessa Three Oil Pool on the North Wausau Field shall be considered those strata productive of oil in the interval between the depth of 11,464 feet and 11,473 feet as indicated on the dual induction SFL Log for the Weaver Oil and Gas Corporation Unit 17-10 No. 1 Well location in the NW1/4 of SE1/4 of Section 17, Township 8 North, Range 9 West, Wayne County, Mississippi, and all correlative intervals in communication therewith.

C. The Hosston-Morrison Gas Pool of the North Wausau Field shall be considered those strata productive of gas and condensate in the interval between the depth of 12,526 feet and 12,562 feet as indicated on the dual induction SFL Log for the Weaver Oil and Gas Corporation - J. U. Morrison Unit 17-10 No. 1 Well located in Section 17, Township 8 North, Range 9 West, Wayne County, Mississippi, and all correlative intervals in communication therewith.

D. The Sligo Gas Pool of the North Wausau Field shall be considered those strata productive of gas and condensate in the interval between the depth of 11,823 feet and 11,990 feet as indicated on the dual induction SFL Log of the Weaver Oil and Gas Corporation - J. U. Morrison Unit 17-10 No. 1 Well located in Section 17, Township 8 North, Range 9 West, Wayne County, Mississippi, and all correlative intervals in communication therewith.

E. The Norphlet Gas Pool of the North Wausau Field shall be considered those strata productive of gas and condensate in the interval between 14,890 feet and 14,918 feet as indicated on the array induction density neutron Log for the TransTexas Gas Corporation - A. Foote Estate

No. 1 Well located in Section 20, Township 8 North, Range 9 West, Wayne County, Mississippi and all correlative intervals in communication therewith.

F. The 14,950' Cotton Valley Gas Pool of the North Wausau Field shall be considered those strata productive of gas and condensate in the interval between 14,958 feet and 15,160 feet measured depth as indicated on the array induction BHC Sonic Log for the TexStar Petroleum Board of Education 16-12 No. 1 Well located in Section 16, Township 8 North, Range 9 West, Wayne County, Mississippi and all correlative intervals in communication therewith.

Rule 1. APPLICABILITY OF STATEWIDE RULES

All rules and regulations contained in Statewide Order NO. 201-51, and all effective amendments thereof, not specifically covered in the foregoing Special Field Rules, are hereby adopted and shall apply to this field except for spacing within the Norphlet Gas Pool and the 14,950' Cotton Valley Gas Pool.

Rule 2(A). SPACING FOR THE NORPHLET GAS POOL

With respect to the Norphlet Gas Pool, every gas well (a) shall be located on a drilling unit consisting of (1) 320 contiguous surface acres; or (2) a governmental half-section containing not less than 300 acres or more than 340 acres; or (3) eight (8) contiguous governmental quarter-quarter-sections whose total acreage is not less than 300 or more than 340 acres. In any case, no other well producing from the same pool shall be located on any such unit. The word "contiguous" as used herein shall mean bordering each other at more than one point. (b) Any gas drilling unit formed under section (a) of this rule must be completely encompassed by the perimeter of a rectangle 3,375 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 well or well completed in or producing from the same pool located in conformity with this rule; and (d) The well shall be located not less than 900 feet from every exterior boundary of the drilling unit.

Rule 2(B). SPACING FOR THE 14,950' COTTON VALLEY GAS POOL

With respect to the 14,950' Cotton Valley Gas Pool, every gas well (a) shall be located on a drilling unit consisting of (1) 320 contiguous surface acres; or (2) a governmental half-section containing not less than 300 acres or more than 340 acres; or (3) eight (8) contiguous governmental quarter-quarter-sections whose total acreage is not less than 300 or more than 340 acres. In any case, no other well producing from the same pool shall be located on any such unit.

The word "contiguous" as used herein shall mean bordering each other at more than one point.

(b) Any gas drilling unit formed under section (a) of this rule must be completely encompassed by the perimeter of a rectangle 3,375 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 well or well completed in or producing from the same pool located in conformity with this rule; and (d) The well shall be located not less than 900 feet from every exterior boundary of the drilling unit.

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

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END OF RULES