

THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF WESSON ENERGY CORPORATION  
TO AMEND THE SPECIAL FIELD RULES FOR  
THE EAST WAYNESBORO FIELD, WAYNE  
COUNTY, MISSISSIPPI

FOR RECORD

JAN 11 1993

STATE OIL AND GAS BOARD  
1000 W. GARDNER STREET, SUITE 1000  
JACKSON, MISSISSIPPI 39201-0000

DOCKET NO. 263-92-275

ORDER NO. 389-92

ORDER

THIS DAY this matter came on for hearing on the Petition of Wesson Energy Corporation, of Dallas, Texas, qualified to do and doing business in the State of Mississippi, requesting the Board to amend the Special Field Rules for the East Waynesboro Field, Wayne County, Mississippi, so as to incorporate therein the S-1/2 and NE-1/4 of Section 31, the W-1/2 of W-1/2 of Section 32, Township 9 North, Range 5 West and the W-1/2 of W-1/2 of Section 5, all of Sections 6 and 7 and the N-1/2 of Section 18, Township 8 North, Range 5 West and so as to create drilling units comprised of approximately 120 acres for certain oil pools found in Jurassic Formations, and the Board finds that due and legal notice of the meeting of this Board and the hearing of the Petition in this docket has been given in the manner and time required by law and the rules and regulations of this Board, that notice required under Rule 4 of the Rules of Order and Procedure for Hearings Before the Board, adopted September 19, 1990 in Docket No. 229-90, has been given in the time and manner required, and that due and proper proofs of publication and proof of personal notice are on file with this Board; that the Board has full jurisdiction of the parties and the subject matter, and having heard the evidence presented, this Board is of the opinion that said Petition should be granted.

The Board further finds as follows:

1.

On the 16th day of May, 1990, this Board entered its Order No. 256-90 in Docket No. 149-90-275, establishing Special Field Rules for the East Waynesboro Field and defined the Cotton Valley Oil Pool, to which said Rules applied. Petitioner is the owner of oil, gas and mineral leasehold rights near the East Waynesboro Field in Wayne County, Mississippi, and proposes to drill wells to Jurassic horizons in an effort to establish commercial production in the Smackover and/or Norphlet Formations. The objective formations all lie below 12,000 feet. Heretofore, no producing wells have been drilled in this area to test the potentially productive deeper horizons. No Special Field Rules have been adopted pertaining to the Smackover and Norphlet Formations for the East Waynesboro Field.

2.

Petitioner has caused seismic exploration activity to take place in and around the East Waynesboro Field and has made a study of the geologic characteristics of the Jurassic Formations which Petitioner proposes to encounter in the drilling of its wells. From this geologic and seismic study and from the productive characteristics of the Smackover and Norphlet Formations previously encountered in the State of Mississippi, the prospect which Petitioner proposes to develop could best be developed on drilling units comprised of approximately 120 acres rather than 80 or 160 acres as currently provided by Statewide Rules. Development of the prospect on units smaller than 120 acres may cause more wells to be drilled than necessary to adequately and properly drain the oil pools expected to be encountered and the drilling of wells on smaller units would create waste. From the currently known characteristics of the Smackover and Norphlet Sands expected to be encountered, one well on a 120-acre unit would efficiently and effectively drain the unit acreage. By authorizing the drilling and development of the

prospect on 120-acre units, unnecessary wells would not be drilled, the area could be prudently developed and waste would be prevented. Co-equal and correlative rights would be protected by amending the field rules as suggested by Petitioner.

3.

The Amended Special Field Rules approved by this Order, a copy of which is attached hereto, shall be adopted for a period of twenty-four months or until 60 days after the drilling and completion of at least three wells in a Smackover Oil Pool or three wells in a Norphlet Oil Pool, whichever is the earlier date. By authorizing the temporary Special Field Rules, the prospect can be adequately and efficiently developed and as wells are completed, additional information will be available to bring before the Board as to the size and extent of the oil pools encountered and the draining characteristics thereof, at which time the pools could be defined. By adopting the Amended Special Field Rules proposed, development of the natural resources of the state will be enhanced and the problems encountered in drilling on smaller units and having them revised to larger units will be avoided.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules for the East Waynesboro Field in Wayne County, Mississippi be and the same are hereby amended in accordance with Exhibit "A" attached.

ORDERED AND ADJUDGED this the 16<sup>th</sup> day of December, 1992.

STATE OIL AND GAS BOARD OF  
MISSISSIPPI

BY: Joseph S. Zuccaro  
CHAIRMAN

EXHIBIT "A"

AMENDED SPECIAL FIELD RULES  
FOR THE EAST WAYNESBORO  
FIELD, WAYNE COUNTY, MISSISSIPPI

- A. The East Waynesboro Field, as used herein, is that area consisting of the following:

Township 9 North, Range 5 West

Section 31: S-1/2 and NE-1/4

Section 32: W-1/2 of W-1/2

Township 9 North, Range 6 West

Section 36: East 3/4ths

Township 8 North, Range 5 West

Section 5: W-1/2 of W-1/2

Section 6: All

Section 7: All

Section 18: N-1/2

Township 8 North, Range 6 West

Section 1: East 3/4ths of the N-1/2

- B. The Cotton Valley Oil Pool shall be construed to mean those strata productive of oil or other hydrocarbons in the Cotton Valley Formation at the electric log interval of 10,285 feet - 10,615 feet as found in the OXY USA Inc. - McIlwain A-1 Well, located in the NE-1/4 of Section 1, Township 8 North, Range 6 West, Wayne County, Mississippi, and those sands productive of oil and other hydrocarbons correlative therewith.

- C. The Jurassic Oil Pool or Pools shall be construed to mean all pools from the Jurassic and older horizons,

including the Smackover and Norphlet Formations, except the Cotton Valley Oil Pool.

RULE 1 - SPACING OF WELLS FOR THE COTTON VALLEY OIL POOL

- (a) Every well completed in the Cotton Valley Oil Pool shall be located on the drilling unit consisting of 80 acres or two contiguous governmental quarter-quarter sections containing not less than 72 nor more than 88 acres upon which no other well drilling to or producing from said pool is located.
- (b) Any drilling unit not composed of two governmental quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 1,600 feet by 2,725 feet; provided, however, no unit shall be permitted which will create island acreage.
- (c) The well shall be located at least 1,000 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule and the well shall be located at least 500 feet from every exterior boundary of the drilling unit.

RULE 2 - SPACING OF WELLS FOR THE JURASSIC OIL POOL OR POOLS

- (a) Every well completed in oil pools in the Jurassic and older horizons, including the Smackover Formation and Norphlet Formation, except the Cotton Valley Oil Pool, shall be located on a drilling unit as follows:
  - (1) 120 contiguous surface acres.
- (b) Any oil unit formed under Rule 2(a) must be completely encompassed by the perimeter of a rectangle 3,550 feet by 1,850 feet; provided, however, no unit shall be permitted which will create island acreage.

- (c) Each well shall be located at least 1,400 feet from every other drilling or producible well in the same pool located in conformity with this rule and each well shall be located at least 700 feet from every exterior boundary of the drilling unit.

RULE 3 - APPLICABILITY OF STATEWIDE RULES

- (a) All rules and regulations contained in Statewide Order No. 201-51 and amendments thereto not specifically covered in the foregoing rules are hereby adopted and shall apply to the East Waynesboro Field.
- (b) Rule 2 shall expire and be of no force and effect after two years from the date of the Order of the Board, or until sixty (60) days after the drilling and completion of three wells in a pool discovered in the Smackover Formation or three wells in a pool discovered in the Norphlet Formation, whichever is the earlier date.
- (c) The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal all or any of the rules and regulations contained herein.

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