

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF MOSBACHER ENERGY COMPANY TO AMEND THE SPECIAL FIELD RULES FOR THE WINCHESTER FIELD TO DEFINE THE FIELD'S GEOGRAPHICAL LIMITS, PROVIDE 320 ACRE SPACING FOR THE UPPER COTTON VALLEY OIL POOL, TO REDEFINE THE UPPER COTTON VALLEY OIL POOL, AND TO ALLOW TWO INCREASED DENSITY WELLS IN EACH INDIVIDUAL UNIT IN THE WINCHESTER FIELD, WAYNE COUNTY, MISSISSIPPI

FILED FOR RECORD

AUG 24 2011

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 262-2011-D

ORDER NO. 417-2011

ORDER

THIS CAUSE came to be heard on the Petition of Mosbacher Energy Company ("Petitioner") requesting the Board to amend the Special Field Rules for the Winchester Field ("the Field") in Wayne County, Mississippi; and

WHEREAS, the Board finds 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 required by the rules and regulations of the Board; that due, legal, and sufficient proofs of publication and service 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, a public hearing was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on August 17, 2011, at 10:00 o'clock a.m. at which hearing all persons present who desired to be heard on said matter were heard and all testimony and the 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 plans to drill wells in the Field. The Special Field Rules for the Field were last adopted in Docket No. 130-69-293, Order No. 176-69.

2.

Petitioner seeks authority to define the geographical limits of the Field, to adopt 320 acre spacing for the Upper Cotton Valley Oil Pool (“the Pool”), to re-define the Upper Cotton Valley Oil Pool, and to allow up to two increased density wells in the Pool for each unit. The Field should be defined as follows:

Township 8 North, Range 6 West
Wayne County, Mississippi

Section 8: The E $\frac{1}{2}$

Section 17: The NE $\frac{1}{4}$

3.

Previous wells have been drilled in this Field, and penetrated the Pool. These wells have proven that the Pool drains large areas and 320 acre spacing should be adopted. The oil gravity is high ranging from 38° to 45°. The permeability is over 20 md and the porosity ranges from 18% to 25%. The zones are at or below 12,000 feet and the permeability and porosity indicates that each well will drain a large area. In fact, one well previously produced over 190,000 barrels of oil from multiple sand sections in the Pool. Petitioner seeks to re-define the existing Cotton Valley Pools as the Upper Cotton Valley Oil Pool, being that strata in the C. L. Herron No. 1 Well from 12,000 feet to 13,400 feet and all strata correlative thereof. Petitioner also seeks to add the ability to drill two increased density wells per 320 acre unit to recover additional oil which may not be recovered by the existing well. Therefore, for engineering reasons, Petitioner requests an amendment to the Special Field Rules to space the Pool on 320 acres and to allow up to two wells in the Pool for each unit. The increased density wells are the best possible manner to produce additional oil to protect the co-equal and correlative rights of all owners in the common source or supply.

The Board finds that the Amendment to the Special Field Rules promotes conservation, protects the co-equal and correlative rights of all owners in interest, avoids the drilling of unnecessary wells and permits oil and gas to be produced which would not otherwise be recovered.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the Special Field Rules for the Winchester Field shall be and hereby are amended as follows:

**SPECIAL FIELD RULES
WINCHESTER FIELD
WAYNE COUNTY, MISSISSIPPI**

A. FIELD LIMITS:

The Winchester Field as used herein is that area consisting of the following described lands situation in Wayne County, Mississippi, to-wit:

**Township 8 North, Range 6 West
Wayne County, Mississippi**

Section 8: The E $\frac{1}{2}$
Section 17: The NE $\frac{1}{4}$

and all correlative extensions thereof and in communication therewith.

B. POOL DEFINITIONS

1. The Upper Cotton Valley Oil Pool shall be construed to mean those strata productive of oil and casinghead gas in the Upper Cotton Valley Formation in the interval of 12,000 feet to 13,400 feet in the C. L. Herron No. 1 Well, located in the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 17, Township 8 North, Range 6 West, Wayne County, Mississippi, and those sands productive of oil and gas correlative to and in communication therewith.

C. SPACING OF WELLS

1. **The Upper Cotton Valley Oil Pool.** As to the Cotton Valley Oil Pool, every well drilled as a oil well:

- (a) shall be located on the drilling unit consisting of:
 - (i) 320 contiguous surface acres; or
 - (ii) a governmental half section containing not less than 300 acres or more than 340 acres; or

(iii) 8 contiguous governmental quarter-quarter sections whose total acreage is not less than 300 or more than 340 acres.

(b) any oil unit formed under Section 1(a) of this rule 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) each well shall be located at least 500 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule.

(d) each well shall be located not less than 330 feet from every exterior boundary of the drilling unit.

(e) each 320 acre oil unit may contain up to two producing wells from each of the pools with a full individual allowable for each increased density well.

D. APPLICABILITY OF STATEWIDE RULES

1. All rules and regulations contained in Statewide Order No. 201-51, and any amendments thereto, not specifically covered in the foregoing rules are hereby adopted and applied to Seminary Field.

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


***** End of Special Field Rules *****

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after August 17, 2011.

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

ORDERED AND ADJUDGED this 2th day of Aug., 2011.

**STATE OIL AND GAS BOARD OF
MISSISSIPPI**



CHAIRMAN

Prepared By:
William F. Blair
BLAIR & BONDURANT, P.A.
Post Office Box 321423
Jackson, MS 39232
(601) 992-4477 - Telephone
bill@bbfirm.com