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MISSISSIPPI
SECRETARY OF STATE

NOTICE OF PROPOSED RULE ADOPTION

STATE OF MISSISSIPPI
MISSISSIPPI OIL AND GAS BOARD

Mississippi Oil & Gas Board
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Specific Legal Authority authorizing the promulgation of Rule 7 of the Statewide Rules and Regulations of the State Oil and Gas Board: Section 53-1-17 of the Mississippi Code of 1972

Reference to Rules repealed, amended or suspended by the Proposed Rule: Rule 7 of the Statewide Rules and Regulations of the Mississippi State Oil and Gas Board

Explanation of the Purpose of the Proposed Rule and the reason(s) for proposing the rule:

The Mississippi Oil and Gas Board proposes to amend Statewide Rule 7 by adding a sentence to Paragraph 5 of Statewide Rule 7 and by adding a new Paragraph 6, as follows (**changes noted by bold print**):

5. If any well drilled in conformity with the provisions of this rule, or as an exception thereto, is completed as a gas well, it shall not be produced except for a test period of not exceeding forty-five (45) days, or in compliance with applicable Special Field Rules, or until authorization has been granted by the Board after notice and hearing. **During the test period the well may not be produced in excess of its allowable unless permitted by the Board after notice and hearing.**

6. **The drilling unit created for an oil well under this rule or any Special Field Rules shall remain in force and effect for the period of time set forth below.**

   (a) **The unit shall automatically terminate at the time the drilling permit for such well terminates.**

   (b) **The unit shall automatically terminate when the well is plugged or converted to a Class II well, unless an earlier termination occurs by an order of the Oil and Gas Board or by provisions of sub-section (d) below.**

   (c) **Once drilling operations have commenced, the unit shall remain in force and effect for so long as such drilling operations or ensuing production operations continue.**

   (d) **If a well is placed on inactive well status by filing Form 9-A, the unit for the well will continue in force and effect for two years from and after the date the well was first required to be reported as an inactive well or until July 1, 2008, whichever is later.**

   (e) **Wells subject to a field-wide unit shall be governed by the terms of the unit agreement.**

   (f) **Exception to these limitations may be granted by the Oil and Gas Board for good cause after notice and hearing.**

The sentence added to Paragraph 5 is to prohibit an operator during the test period to produce more than the allowable for the well.

The sixth paragraph which has been added is to provide an answer to the long-standing question of when does the unit for a well cease to exist. A number of people have asked for this provision so they can better plan additional development in older fields.

A copy of the proposed amended Statewide Rule 7 is attached hereto (**changes noted by bold print**).

This rule is proposed as a ☑ Final Rule, and/or a ☐ Temporary Rule (Check one or both boxes as applicable.)

Persons may present their views on the proposed rule by addressing written comments to the agency at the above address. Persons making comments should include their name and address, as well as other contact information, and if you are an agent or attorney, the name, address and telephone number of the party or parties you represent.

Oral Proceeding: Check one box below:

☐ An oral proceeding is scheduled on this rule on Date: {Insert Date} Time: {Insert Time} Place: {Insert Place}

If you wish to be heard and present evidence at the oral proceeding you must make a written request to the agency at the above address at least _____ day(s) prior to the proceeding to be placed on the agenda. The request should include your name, address, telephone number as well as other contact information; and if you are an agent or attorney, the name, address and telephone number of the party or parties you represent.

☑ An oral proceeding is not scheduled on this rule. Where an oral proceeding is not scheduled, an oral proceeding will be held if a written request for an oral proceeding is submitted by a political subdivision, an agency or ten (10) persons. The written request should be submitted to the agency contract person at the above address within twenty (20) days after the filing of this notice of proposed rule adoption and should include the name, address and telephone number of the person(s) making the request; and if you are an agent or attorney, the name, address and telephone number of the party or parties you represent.

Economic Impact Statement: Check one box below:

☑ The agency has determined that an economic impact statement is not required for this rule, or

☐ The concise summary of the economic impact statement required is attached.

The entire text of the Proposed Rule including the text of any rule being amended or changed is attached.

Date Rule Proposed: August 14, 2007 **Proposed Effective Date of Rule:** November 28, 2007

Walker L. Watters
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