

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: March 11, 2008

Proposed Effective Date of Rule: April 16, 2008



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STATEWIDE RULES AND REGULATIONS

RULE 7. SPACING OF OIL WELLS

1. With respect to each pool occurring in the discovery well, the top of which is encountered below a measured depth of 12,000 feet below the surface, and in the Pennsylvanian and older formations with respect to each pool occurring in the discovery well, the top of which is encountered below a measured depth of 3,500 feet below the surface, every oil well:

(a) Shall be located on a drilling unit consisting of eighty (80) contiguous surface acres, or two (2) contiguous governmental quarter-quarter sections containing not less than seventy-two (72) acres or more than eighty-eight (88) acres, upon which no other drilling or producible well is located. The word "contiguous" as used herein shall mean bordering each other at more than one point;

(b) Any drilling unit not composed of two (2) governmental quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 1600 feet by 2725 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

(d) The well shall be located at least 500 feet from every exterior boundary of the drilling unit.

2. However, with respect to each pool occurring in the discovery well, the top of which is encountered below a measured depth of 12,000 feet below the surface, the State Oil and Gas Supervisor may permit 160 acre units for such pools if such unit size will promote and encourage the orderly development of the pool. Every oil well drilled in such pool:

a) Shall be located on a drilling unit of four (4) contiguous quarter-quarter sections containing not less than 144 nor more than 176 acres upon which no other well drilling to or producing from same pool is located.

b) Any drilling unit not composed of four (4) contiguous quarter-quarter sections shall contain 160 surface acres which must be completely encompassed by perimeter of a rectangle 2640 feet by 3500 feet provided, however, no unit shall be permitted which will create island acreage.

c) Each well shall be located at least 1500 feet from every drilling or producible well from the same pool and not less than 750 feet from every exterior boundary of the drilling unit.

3. With respect to all other pools, every oil well:

(a) Shall be located on a drilling unit consisting of forty (40) contiguous surface acres, or a governmental quarter-quarter section containing not less than thirty-six (36) acres or more than forty-four (44) acres, upon which no other drilling or producible well is located. The word "contiguous" as used herein shall mean bordering each other at more than one point.

(b) Any drilling unit not a governmental quarter-quarter section must be completely encompassed by the perimeter of a rectangle 1810 feet by 1445 feet. Provided, however, no unit shall be permitted which will create island acreage.

(c) The well shall be located at least 660 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule; and

(d) The well shall be located at least 330 feet from every exterior boundary of the unit.

4. No portion of the drilling unit upon which a well is located shall be attributed, in whole or in part, to any other drilling or producible well in the same pool.

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.

6. The drilling unit that is established for an oil well under this rule or any other applicable Statewide Rule or Special Field Rule shall remain in existence and effect for the period of time set forth below, unless an earlier alteration (reformation) or termination of the unit occurs pursuant to an order of the Board:

(a) The unit shall automatically terminate if and when the drilling permit for the well terminates.

(b) The unit shall automatically terminate if and when the well is plugged or converted to a Class II well.

(c) This rule shall not apply to any unit that is established under Miss. Code Ann. Section 53-3-101 through -119.

(d) For good cause shown, the Board may alter, reform or dissolve units or grant exception(s) to the foregoing rules, after notice and hearing.