

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE:

PETITION OF MISSISSIPPI VALLEY GAS COMPANY FOR AMENDMENT OF THE SPECIAL FIELD RULES FOR THE AMORY NATURAL GAS FIELD LOCATED IN MONROE COUNTY, MS, TO DESIGNATE IT AS OPERATOR OF SAID FIELD AND TO CONFORM SAID SPECIAL FIELD RULES TO STATE OIL AND GAS BOARD RULE 67 GOVERNING THE OPERATION OF GAS STORAGE FIELD INCLUDING THE INJECTION, STORAGE AND WITHDRAWAL OF NATURAL GAS, AND FOR THE REVISION OF THE WELL FILES OF CERTAIN WELLS BEING UTILIZED IN THE GAS STORAGE OPERATIONS IN THE AMORY NATURAL GAS FIELD TO REFLECT MISSISSIPPI VALLEY GAS AS OPERATOR

FILED FOR RECORD

DEC 30 1997

STATE OIL AND GAS BOARD
Water Boon, Supervisor

DOCKET No. 378-97-829

ORDER NO. 543-97

THIS DAY, this cause came on for hearing before the State Oil and Gas Board on the Petition of Mississippi Valley Gas Company seeking the adoption of Special Field Rules for the Amory Natural Gas Field as established in State Oil and Gas Board Order No. 127-51 at Docket No. 74-51 issued July 18, 1951, to provide for the operations of said Natural Gas Storage Field in accordance with Mississippi Code Sections 53-3-151 et seq of the Mississippi Code Annotated, as amended and in compliance with State Oil and Gas Board Rule No. 67; to formally designate Mississippi Valley Gas Company as the current and exclusive Operator of said Amory Natural Gas Field; to supplement the well files of the Carter Well No. 1, API No 230950002, the Harris Well No. 1, API No. 230950007 and the Carter Well No. 3, API No. 230950004 to confirm Mississippi Valley Gas Company as the Operator of said wells located in Monroe County, Mississippi, such hearing being called for such purposes; and

The Board finding 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 and as provided by law and the rules and regulations of the Board, and that due, legal and sufficient proofs of publications 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 given, public hearing was held by said Board in the conference room of 500 Greymont Avenue, Suite E, Jackson, Mississippi, commencing on December 17th, 1997, at which hearing all persons present who desired to be heard on said matter were heard and all testimony and evidence was duly considered by those present at said meeting; and

WHEREAS, the Board has fully considered the Petition and the evidence and recommendations made at the hearing, and being fully advised in the premises, is of the opinion and finds that the relief requested by the Petitioner should and is hereby granted. The Board further finds and determines as follows:

1.

The Board finds that Mississippi Valley Gas is a regulated utility chartered under the laws of the State of Mississippi and qualified to do business therein, being engaged in the transportation and distribution of natural gas to consumers, including residential, commercial and industrial, in numerous certificated areas throughout the State. The Board finds that based on Petitioner historical operating experience dating from its acquisition of the Amory Gas Storage Field on September 19, 1952 and based on its foreseeable future operating requirements, Petitioner has found it practical, feasible and necessary to create and maintain a supply of natural gas for said purposes by storing such gas underground by injecting, pumping or otherwise into formations beneath the surface of the ground in the Amory Gas Storage Field. The storage of said natural gas has and will promote the conservation thereof, make natural gas more readily available to the consumer and thereby serve a public need and operate for the public's benefit.

2.

The Board finds that the underground reservoir currently being utilized by Petitioner in the operation of the Amory Storage Field is the stratigraphic equivalent of the interval occurring between the depths of 2260 feet and 2500 feet subsurface as defined in MVG Harris 18-1 No. 1 Well, API 23-095-20670, hereinafter referred to as the "Storage Interval" which underlies the South Half of Section

7, the North Half of Section 18, the Southwest Quarter of Section 8 and the Northwest Quarter of Section 17, all in Township 13 South, Range 17 West, Monroe County, Mississippi, which lands are herein designated the Amory Gas Storage Field. The Board finds that a majority interest of all rights of the surface and a majority interest of all interest in the underground formations being utilized in the Amory Gas Storage Field have consented to such use in writing, including the rights to inject, store and/or withdraw natural gas from said reservoir.

3.

The Board finds that the Storage Interval does not contain residual native gas which is capable of being commercially produced, is not an oil reservoir capable of commercial production and is in all other respects suitable and feasible for use as underground storage reservoirs. The Board finds that the use of the Storage Interval for the injection, storage and withdrawal of natural gas will not contaminate other formations in the area containing either fresh water, oil, gas or other commercial mineral deposits, nor pose any danger to the environment. The Board further expressly finds that the Storage Interval has greater value and utility from use as underground natural gas storage reservoirs than from value resulting from the production of noncommercial residual oil and/or native gas which may remain therein. The Board finds that the use of the Storage Interval for the injection, storage and withdrawal of natural gas will in no way endanger human life or property, either real or personal.

4.

Set out hereinbelow as EXHIBIT "A", attached hereto and made a part hereof are the Special Field Rules for the Amory Gas Storage Field, Monroe County, Mississippi. The Board finds that said Special Field Rules will prevent waste, protect the co-equal and correlative rights of all owners in the area and will afford Petitioner the opportunity to utilize the Amory Gas Storage Field for the benefit of the gas consumers relying upon the gas system of Petitioner and thereby serve the public interest. The Board further finds that the procedures authorized by the said Special

Field Rules will adequately protect all fresh water bearing zones and any and all other oil and/or gas bearing sands in the area, and will not endanger life and/or property.

IT IS, THEREFORE, ORDERED AND ADJUDGED that Mississippi Valley Gas Company is hereby designated the Operator of the Amory Gas Storage Field as established in State Oil and Gas Board Order No. 127-51 at Docket No. 74-51 issued July 18, 1951, and further is designated the operator of the Carter Well No. 1, API No. 230950002, the Harris Well No. 1, API No. 230950007 and the Carter Well No. 3, API No. 230950004 currently being utilized in the operation of the Amory Gas Storage Field, and further, Petitioner is authorized to use the above described Storage Interval consisting of the stratigraphic equivalent of that interval between the depths of 2260 feet and 2500 feet subsurface as defined in MVG Harris 18-1 No. 1 Well, API No. 23-095-20670 for the injection, storage and/or withdrawal of natural gas in the Amory Gas Storage Field, Monroe County, Mississippi, pursuant to the Underground Storage of Natural Gas Act found at Sections 53-3-151 et seq, MCA 1972. Further, the Special Field Rules for the Amory Gas Storage Field as set out hereinbelow are hereby adopted.

SO ORDERED, THIS THE 26th day of December, 1997.

MISSISSIPPI STATE OIL AND GAS BOARD

By: Joseph S. Zuccaro
JOSEPH S. ZUCCARO
CHAIRMAN

EXHIBIT "A"

**SPECIAL FIELD RULES
AMORY GAS STORAGE FIELD
MONROE COUNTY, MISSISSIPPI**

A. The Amory Gas Storage Field, as used herein, is that area described as the South Half of Section 7, the North Half of Section 18, the Southwest Quarter of Section 8 and the Northwest Quarter of Section 17, all in Township 13 South, Range 17 West, Monroe County, Mississippi, being underlain by the following described Storage Interval.

B. The Storage Interval as used herein, shall be construed to mean the those zones capable of storage of natural gas occurring at the stratigraphic equivalent of that interval of between the depths of 2,260 feet and 2,500 feet subsurface as shown by the electrical log of the MVG Harris 18-1 No. 1 Well, located 757 feet from the East Line and 474 feet from the North Line of Section 18, Township 13 South, Range 17 East, Monroe County, Mississippi.

C. "Gas" as used herein shall mean natural gas of sufficient purity to meet interstate pipeline quality specifications.

D. Mississippi Valley Gas Company is designated the Operator of the Amory Gas Storage Field.

RULE NO. 1:

Wells may be drilled, or reworked, and utilized in the operation of Amory Gas Storage Field upon permit being issued for each such well pursuant to Rule 4 (b) of the Statewide Rules and Regulations.

RULE NO. 2:

The completion procedure for each well drilled or reworked for utilization in the operation in the Amory Gas Storage Field shall be in conformance with the requirements of Rule 67 of the Statewide Field Rules.

RULE NO. 3:

The injection of gas into, storage within and/or withdrawal from the Storage Interval of 2260 foot to 2500 foot, as defined by the electrical log of the MVG Harris 18-1 No. 1 Well as referenced hereinabove in the Amory Gas Storage Field is hereby authorized.

RULE NO. 4:

No well shall be drilled through the Storage Interval in the Amory Gas Storage Field, or its stratigraphic equivalent, except upon notice and hearing before the Mississippi State Oil and Gas Board, as provided for in Statewide Rule 67. All wells drilled through the Storage Interval for purposes other than storage operations shall be cased in accordance with Statewide Field Rule No. 67 to a depth of 500 feet below the stratigraphic equivalent of the base of the Storage Interval.

RULE NO. 5:

Operator is authorized to use for injection and/or withdrawal purposes existing wells located in Amory Gas Storage Field, which wells may be converted for operations in the Amory Gas Storage Field, and/or additional wells may be drilled within the Amory Gas Storage Field for such purposes, provided that before any well or wells are converted for such operations or drilled for storage purposes, said operator must obtain administrative approval of the State Oil and Gas Board Supervisor, provided the operator, with respect to each such well, submits all data and information required by Statewide Rule 67 and any other rule, regulation or requirement, which may then be applicable, and such other data and information as the Supervisor may reasonably require.

RULE NO. 6:

The development, operation and maintenance of the Amory Gas Storage Field shall be subject to the provisions of the following Statewide Rules and Regulations: Rule 4 (b) and (c), Rule 5, Rule 6, Rule 10, Rule 12, Rule 13, Rule 17, Rule 23 (a), Rule 24, Rule 25, Rule 27, Rule 28, Rule 45, Rule 47, Rule 54, Rule 55, Rule 56, Rule 67, and the first paragraph of Rule 18. All other Statewide Rules and Regulations, or parts thereof, except those specifically referred to hereinabove, shall not be applicable to the operations of gas storage in the Amory Gas Storage Field, Monroe County, Mississippi.

RULE NO. 7:

The Special Field Rules for Amory Field, as set out in State Oil and Gas Board Order No. 127-51 at Docket No. 74-51 issued July 18, 1951, are hereby incorporated into the Special Field Rules for the Amory Gas Storage Field Rules and are hereby amended as follows, to-wit:

1. The designation of Mississippi Gas Company as the Operator of the Amory Gas Storage Field as set out in Order No. 127-51 in Docket No. 74-51 is hereby deleted.