

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF RADZEWICZ OPERATING CORPORATION TO AMEND THE SPECIAL FIELD RULES FOR THE BAYOU SARA FIELD, WILKINSON COUNTY, MISSISSIPPI

MAY 19 2004

STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR

DOCKET NO. 146-2004-892

ORDER NO. 171-2004

EMERGENCY ORDER

THIS CAUSE came to be heard on the Emergency Petition of Radzewicz Operating Corporation (“Petitioner”) requesting the Board to amend the Special Field Rules for the Bayou Sara Field in Wilkinson County, Mississippi; and

WHEREAS, the Board finds that although 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 not given in the manner required by the rules and regulations of the Board, the Board has full jurisdiction of the subject matter to hear and determine same solely as an emergency matter; and

WHEREAS, a public hearing was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on April 21, 2004, at 9:30 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 is the current operator of the Hamilton-Barton, et al Unit No. 1 Well (“the Well”) which is completed in a zone which is defined as a Frio Gas Pool located within the geographic boundary of the Field. Special Field Rules for the Field were adopted for this

Field in Docket No. 65-2004-892.

2.

One of the defined gas pools, the Father's Day Frio Gas Pool, initially produced as a gas pool, but is now clearly an oil pool.

3.

The Petitioner initially completed the Well in what is designated as the Father's Day Frio Gas Pool. The Well was drilled and tested on October 6, 2003. Initially, the well tested 100% natural gas with no water or oil. Since that date, the natural gas production has decreased and the Well is making substantial quantities of oil and water. Today, the Well pumps an average of ± 30 barrels of oil per day, 150 barrels of water per day and less than 60 MCF of casinghead gas. The oil is 29° gravity. Clearly, the Well is an oil well, not a gas well. That means that the Father's Day Frio Gas Pool is an oil pool, not a gas pool.

4.

It is now obvious that the Father's Day Frio Gas Pool was merely a gas cap on an oil pool and should not be spaced on 320 acre spacing. It is necessary to amend the Special Field Rules to delete the spacing for the Father's Day Frio Gas Pool.

5.

The amendment to the Special Field Rules as set forth in Exhibit "A" for the Father's Day Gas Pool in the Field, Wilkinson County, Mississippi will promote conservation, protect the co-equal and correlative rights of all owners in interest, avoid the drilling of unnecessary wells and permit oil and gas to be produced which would not otherwise be recoverable.

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

SPECIAL FIELD RULES
BAYOU SARA FIELD, WILKINSON COUNTY, MISSISSIPPI

A. The Bayou Sara Field, as used herein, is that area consisting of Sections 35, 36, and 38, Township 1 North, Range 2 West and Sections 28, 29, and 30, Township 1 North,

Range 3 West, Wilkinson County, Mississippi; underlain by the Frio Gas Pools and including all productive extensions to such area.

B. The 2,800 Foot Frio Gas Pool in the Field shall be construed to mean that strata of the Frio Formation productive of gas at an interval of 2,834 feet to 2,860 feet as indicated on the electric log of the Radzewicz Operating Corporation - Hamilton-Barton et al Unit No. 1 Well, and all sands correlative to and in communication therewith of that strata productive of gas, said Well being located 1,272 feet from the West line and 2,192 feet from the North line of Section 35, Township 1 North, Range 2 West, Wilkinson County, Mississippi.

C. The 3,600 Foot Frio Gas Pool in the Field shall be construed to mean that strata of the Frio Formation productive of gas at an interval of 3,590 feet to 3,595 feet as indicated on the electric log of the Radzewicz Operating Corporation - Hamilton-Barton et al Unit No. 1 Well, and all sands correlative to and in communication therewith of that strata productive of gas, said Well being located 1,272 feet from the West line and 2,192 feet from the North line of Section 35, Township 1 North, Range 2 West, Wilkinson County, Mississippi.

C. The 4,100 Foot "A" Frio Gas Pool in the Field shall be construed to mean that strata of the Frio Formation productive of gas at an interval of 4,084 feet to 4,110 feet as indicated on the electric log of the Radzewicz Operating Corporation - Hamilton-Barton et al Unit No. 1 Well, and all sands correlative to and in communication therewith of that strata productive of gas, said Well being located 1,272 feet from the West line and 2,192 feet from the North line of Section 35, Township 1 North, Range 2 West, Wilkinson County, Mississippi.

D. The 4100 Foot "B" Frio Gas Pool in the Field shall be construed to mean that strata of the Frio Formation productive of gas at an interval of 4,116 feet to 4,120 feet as indicated on the electric log of the Radzewicz Operating Corporation - Hamilton-Barton et al Unit No. 1 Well, and all sands correlative to and in communication therewith of that strata productive of gas, said Well being located 1,272 feet from the West line and 2,192 feet from

the North line of Section 35, Township 1 North, Range 2 West, Wilkinson County, Mississippi.

D. The 4100 Foot "C" Frio Gas Pool in the Field shall be construed to mean that strata of the Frio Formation productive of gas at an interval of 4,138 feet to 4,142 feet as indicated on the electric log of the Radzewicz Operating Corporation - Hamilton-Barton et al Unit No. 1 Well, and all sands correlative to and in communication therewith of that strata productive of gas, said Well being located 1,272 feet from the West line and 2,192 feet from the North line of Section 35, Township 1 North, Range 2 West, Wilkinson County, Mississippi.

E. The 4100 Foot "D" Frio Gas Pool in the Field shall be construed to mean that strata of the Frio Formation productive of gas at an interval of 4,150 feet to 4,152 feet as indicated on the electric log of the Radzewicz Operating Corporation - Hamilton-Barton et al Unit No. 1 Well, and all sands correlative to and in communication therewith of that strata productive of gas, said Well being located 1,272 feet from the West line and 2,192 feet from the North line of Section 35, Township 1 North, Range 2 West, Wilkinson County, Mississippi.

E. The 4100 Foot "E" Frio Gas Pool in the Field shall be construed to mean that strata of the Frio Formation productive of gas at an interval of 4,156 feet to 4,160 feet as indicated on the electric log of the Radzewicz Operating Corporation - Hamilton-Barton et al Unit No. 1 Well, and all sands correlative to and in communication therewith of that strata productive of gas, said Well being located 1,272 feet from the West line and 2,192 feet from the North line of Section 35, Township 1 North, Range 2 West, Wilkinson County, Mississippi.

RULE 1 - SPACING OF GAS WELLS

Every Frio Well drilled and completed as a gas well:

(a) shall be located on a drilling unit consisting of 320 contiguous surface acres with

a tolerance of 5%, more or less, or a governmental half section containing not less than 300 acres or more than 340 acres or eight (8) contiguous governmental quarter-quarter sections, the total acreage of which is not less than 300 or more than 340 acres, upon which no other drilling or producible well in the same gas pool is located;

(b) any gas drilling unit formed under Rule 1(a) 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 1,500 feet from every other drilling or producible well in the same gas pool located in conformity with this rule; and

(d) the well shall be located at least 750 feet from every exterior boundary of the drilling unit.

RULE 2 - APPLICABILITY OF STATEWIDE RULES

All rules and regulations contained in the Statewide Order No. 201-51 and amendments thereto not specifically covered in the foregoing rules are hereby adopted and shall apply to Bayou Sara Field.

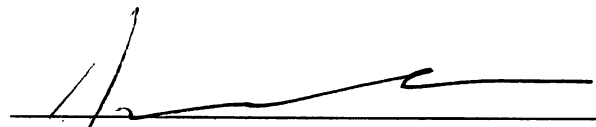
*****END OF SPECIAL FIELD RULES*****

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after April 22, 2004.

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 19th day of May, 2004.

**STATE OIL AND GAS BOARD OF
MISSISSIPPI**



JAMES W. SANDIFER
CHAIRMAN

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