

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF EOG RESOURCES, INC. TO AMEND THE SPECIAL FIELD RULES TO EXPAND THE FIELD AREA, TO DEFINE NEW GAS POOLS, AND TO ALLOW TWO WELLS IN THE DIFFRIENT SAND GAS POOL AND THE LOWER HOSSTON GAS POOL IN EACH INDIVIDUAL UNIT FOR THE COLUMBIA FIELD, MARION COUNTY, MISSISSIPPI

FILED FOR RECORD

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STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 338-2007-423

ORDER NO. 622-2007

FINAL ORDER

THIS CAUSE came to be heard on the Petition of EOG Resources, Inc. ("Petitioner") requesting the Board to amend the Special Field Rules to expand the Field Area, to define new gas pools, and to allow two wells in the Diffrient Sand Gas Pool and the Lower Hosston Gas Pool in each individual unit for the Columbia Field, Marion County, Mississippi; and

WHEREAS, the Boards 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, a public hearing was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on September 19, 2007, 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 is a current operator in the Field. It has just drilled and completed a well known as the BOE 16-11 No. 1 Well. The Special Field Rules for the Field were last

adopted or amended in this Field in Docket No. 236-80-423, Order No. 306-80.

2.

Petitioner seeks authority to allow up to two increased density wells in the Diffrient Sand Gas Pool (the "Upper Pool") and the Lower Hosston Gas Pool (the "Lower Pool"), as hereinafter defined, for each unit.

3.

The Upper Pool is defined in the existing Special Field rules as those strata productive of gas within the interval between 16,278 feet to 16,348 feet as shown on the dual-induction log of the Champion Petroleum - Crown Zellerback No. 1 Well and all intervals correlative to or connected with the strata. The Lower Hosston Gas Pool is being defined herein as those strata productive of gas within the interval of 16,180 feet to 16,815 feet as shown on the dual induction log of the EOG Resources, Inc. - BOE 16-11 No. 1 Well ("the Well") and all intervals correlative thereto.

4.

The Lower Hosston Gas Pool is approximately 635 feet thick. There are several porosity zones of interest correlatable over the entire Field in the Lower Pool.

5.

Petitioner and others have drilled wells in this Field, many of which have penetrated the Pools in question. These wells have proven that the pools only drain limited areas and increased density wells are necessary to recover additional gas which would not be recovered by the existing wells. Therefore, for engineering reasons, the Special Field Rules should be amended to allow up to two increased density wells in the Upper and Lower Pools for each unit. The increased density wells are the best possible manner to produce additional gas to protect the co-equal and correlative rights of all owners in the common source or supply.

6.

The wells exhibits low permeability and required fracture stimulation before they produce in economic quantities. The permeability is low and the wells appear to drain from

a small area due to this extreme lack of permeability. Furthermore, the porosity zones appear to come and go throughout the Field.

7.

The amendment to the Special Field Rules as set forth in Exhibit "A" promotes conservation, protects the co-equal and correlative rights of all owners of all owners in interest, avoids the drilling of unnecessary wells and permits oil and gas to be produced which would not otherwise be recoverable.

8.

In addition to the increased density request herein, Petitioner seeks to enlarge the field designation to include the following:

Field Limits:

The Columbia Field as used herein is defined as that area consisting of:

Township 4 North, Range 18 West
Marion County, Mississippi

Section 5: All
Section 6: All
Section 7: All
Section 8: All
Section 9: All
Section 15: All
Section 16: All
Section 17: All
Section 18: All
Section 19: All
Section 20: All
Section 21: All
Section 22: All
Section 27: All
Section 28: All
Section 29: All

Township 4 North, Range 19 West
Marion County, Mississippi

Section 1: All

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

**SPECIAL FIELD RULES OF
THE COLUMBIA FIELD
MARION COUNTY, MISSISSIPPI**

A. Field Limits:

The Columbia Field, as used herein, is defined as that area consisting of:

**Township 4 North, Range 18 West
Marion County, Mississippi**

Section 5: All
Section 6: All
Section 7: All
Section 8: All
Section 9: All
Section 15: All
Section 16: All
Section 17: All
Section 18: All
Section 19: All
Section 20: All
Section 21: All
Section 22: All
Section 27: All
Section 28: All
Section 29: All

**Township 4 North, Range 19 West
Marion County, Mississippi**

Section 1: All

underlain by the First Hosston Sand Gas Pool, the Diffrient Sand Gas Pool, and the Lower Hosston Gas Pool, as hereinafter defined, and all productive extensions thereof.

I. The First Hosston Sand Gas Pool in the Columbia Field shall be construed to mean those strata of the Hosston Formation productive of gas in the interval between the depths of 15,962 feet to 15,990 feet encountered in the First Energy Corporation - Gloster Jacob Well No. 1, as indicated on the electric log of said well, said well being located 1,500 feet from the South line and 1,500 feet from the East line of Section 7, Township 4 North, Range 18 West, Marion County, Mississippi.

II. The Diffrient Sand Gas Pool in the Columbia Field shall be construed to mean those strata of the Hosston Formation productive of gas in the interval between the depths of 16,278 feet to 16,348 feet encountered in the Champlin Petroleum - Crown-Zellerbach No.

1 Well, as indicated on the electric log of said well, said well being located 1,140 feet from the East line and 1,480 feet from the South line of Section 6, Township 4 North, Range 18 West, Marion County, Mississippi.

III. The Lower Hosston Gas Pool is defined as those strata productive of gas within the interval between 16,180 feet to 16,815 feet as shown in the Dual-Induction Log of the EOG-BOE 16-11 No. 1 Well located 2,032 feet from the West line and 2,379 feet from the South line of Section 16, Township 4 North, Range 16 West, Marion County, Mississippi and all intervals correlative to or connected with these strata.

IV. The characteristics of said First Hosston Sand Gas Pool in said Field are such that a well located as hereinafter prescribed and drilled upon a drilling unit containing approximately 640 contiguous surface acres conforming to the requirements of the rules herein contained will adequately and efficiently drain and produce the recoverable gas from such unit in said pools without avoidable waste.

RULE 1 - SPACING OF WELLS:

- A. As to the Diffrient Sand Gas Pool, every well drilled as a gas well:
- (1) Shall be located on a drilling unit consisting of (1) 640 contiguous surface acres; or (2) a governmental section containing not less than 600 acres or more than 680 acres; or (3) sixteen (16) contiguous governmental quarter-quarter sections whose total acreage is not less than 600 acres or more than 680 acres.
 - (2) Any gas drilling unit formed under Section 1(a) of this rule must be completely encompassed by the perimeter of a rectangle 5,580 feet by 6,245 feet. Provided, however, no unit shall be permitted which will create island acreage.
 - (3) 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
 - (4) The well shall be located not less than 1,500 feet from every exterior boundary of the drilling unit.
 - (5) Each 640 acre gas unit may contain up to two (2) producing wells from the Diffrient Gas Pool with a full allowable for each increased density well.
- B. Every Well completed as a Gas Well in the Lower Hosston Gas Pool:
- (1) Shall be located on a drilling unit consisting of 640 contiguous surface acres,

or a government section containing not less than 600 acres not more or less than 680 acres.

- (2) Any gas drilling unit not a governmental section must be completely encompassed by the perimeter of a rectangle 5,580 feet by 6,245 feet; provided, however, no unit shall be permitted which will create island acreage;
- (3) The Well shall be located at least 1,000 feet from every other drilling or producible well completed in the same pool located in conformity with this rule;
- (4) The Well shall be located not less than 1,500 feet from every exterior boundary of the unit; and
- (5) Each 640 acre gas unit may contain up to two (2) producing wells from the Lower Hosston Gas Pool with a full allowable for each increased density well.

RULE 2 - APPLICABILITY OF STATEWIDE RULES:

A. All rules and regulations contained in Statewide Order No. 201-51, and any amendments thereto, not specifically covered by the foregoing Special Field Rules are hereby adopted and shall apply to said Field.

B. The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any and all of the foregoing 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 September 19, 2007.

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 1st day of October, 2007.

STATE OIL AND GAS BOARD OF
MISSISSIPPI


CHAIRMAN

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