

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF FOUR MILE CREEK GAS STORAGE, LLC.,
FOR AUTHORITY TO USE DEPLETED GAS RESERVOIRS
OF FOUR MILE CREEK FIELD, MONROE COUNTY,
MISSISSIPPI, FOR THE INJECTION, STORAGE
AND WITHDRAWAL OF NATURAL GAS, AND FOR
THE ADOPTION OF SPECIAL FIELD RULES
FOR FOUR MILE CREEK FIELD TO PROVIDE
FOR THE OPERATION OF THE FOUR MILE CREEK
GAS STORAGE FIELD, MONROE COUNTY,
MISSISSIPPI.

FILED FOR RECORD

JUL 28 1998

STATE OIL AND GAS
Water Boone, Supervisor

DOCKET No. 210-98-564

ORDER NO. 336-98

THIS DAY, this cause came on for hearing before the State Oil and Gas Board on the Petition of Four Mile Creek Gas Storage, LLC., seeking the adoption of Special Field Rules for the Four Mile Creek Natural Gas Field, 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 Four Mile Creek Gas Storage, LLC., as the current and exclusive Operator of said Four Mile Creek Natural Gas Storage Field; 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 July 15th, 1998, 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 Four Mile Creek Gas Storage, LLC., is a Corporation chartered under the laws of the State of Mississippi and qualified to do business therein, engaged in the transportation of natural gas within the State. The Board finds that 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 Four Mile Creek 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 Four Mile Creek Storage Field is the stratigraphic equivalent of the interval occurring between the depths of 1,700 feet and 2,002 feet subsurface as defined in electric log of the No. 1 Armstrong Well located in the Southwest Quarter of Section 17, Township 12 South, Range 18 West, API 2309520054, hereinafter referred to as the "Storage Interval" which underlies the following described property, to-wit:

TOWNSHIP 12 SOUTH, RANGE 8 EAST,

Section 21: The Entire Fractional Section, and

Section 22: Beginning at the Northeast Corner of Section 21, and running thence West along the Section Line 22 chains and 25 links; thence South 20 degrees and 20 minutes East 44 chains and 23 links; thence East 23 chains and 52 links; thence North 23 chains and 95 links to the center of the Amory and Smithville Road; thence West along said road 6 chains and 88 links; thence North 17 chains and 50 links to creek; thence along said creek West to the Point of Beginning.

Section 20: The East Half, (The E/2 of the Section), and

Section 28: The Entire Fractional Section, and

Section 29: The East Half of Fractional Section 29, (The E/2 of Fractional Section 29), and

TOWNSHIP 12 SOUTH, RANGE 18 WEST,

- Section 17: The West Half (The W/2 of the Section), and The Southwest Quarter of the Southeast Quarter, (The SW/4 of the SE/4), and The fractional part of the East Half of the East Half of the Southeast Quarter and the fractional part of the West Half of the East Half of the Southeast Quarter, being the fractional part of the East Half of the Southeast Quarter lying West of the Creek; Less and except three (3) acres, more or less, heretofore sold to Bud Kirkpatrick per deed recorded in Deed Book 69 at Page 82 in the Office of the Chancery Clerk of Monroe County, Mississippi.
- Section 18: The Entire Fractional Section, and
- Section 19: The Entire Fractional Section, and
- Section 20: The Entire Section, and
- Section 21: The West Half of the Southwest Quarter (The W/2 of the SW/4), and
- Section 28: The West Half of the Northwest Quarter, (The W/2 of the NW/4), and
- Section 29: The North Half of the Section, (The N/2 of the Section), LESS AND EXCEPT the Southwest Quarter of the Northwest Quarter, (The SW/4 of the NW/4), and
- Section 30: The Northeast Quarter, (NE/4), and that part of the following described property located in Section 30, Township 12 South, Range 18 West, beginning at the Northeast Corner of the Northwest Quarter of Section 30 thence running North 25 chains and 60 links; thence running West 14 chains and 82 links; thence North 18 degrees and minutes West 11 chains and 38 links; thence South 61 degrees West 31 chains and 90.5 links; thence South 22 degrees and 30 minutes East 43 chains and 10 links; thence East 30 chains and 12 links; thence North 20 chains and 11 links to the point of beginnings,

all in Monroe County, Mississippi, which lands are herein designated the Four Mile Creek 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 storage and formations being utilized in the Four Mile Creek 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 finds that the Storage Interval has greater value and utility from use as underground natural gas storage reservoirs than for any value resulting from the 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 are the Special Field Rules for the Four Mile Creek 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 Four Mile Creek Gas Storage, LLC., is hereby designated the Operator of the Four Mile Creek 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 1,700 feet and 2,002 feet subsurface as defined in electric log of the No. 1 Armstrong Well located in the Southwest Quarter of Section 17, Township 12 South, Range 18 West, API No. 2309520054 for the injection, storage and/or withdrawal of natural gas in the Four Mile Creek 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 Four Mile Creek Gas Storage Field as set out hereinbelow are hereby adopted.

SO ORDERED, THIS THE 23rd day of July, 1998.

MISSISSIPPI STATE OIL AND GAS BOARD

By: Joseph S. Zuccaro
JOSEPH S. ZUCCARO
CHAIRMAN

EXHIBIT "A"

SPECIAL FIELD RULES
FOUR MILE CREEK GAS STORAGE FIELD
MONROE COUNTY, MISSISSIPPI

A. The Four Mile Creek Gas Storage Field, as used herein is that area described as:

TOWNSHIP 12 SOUTH, RANGE 8 EAST,

Section 21: The Entire Section, and
Section 22: The following described tract insofar as the same is situated in Section 22, T12S, R8E; beginning at the Northeast Corner of Section 21, and running thence West along the Section Line 22 chains and 25 links; thence South 20 degrees and 20 minutes East 44 chains and 23 links; thence East 23 chains and 52 links; thence North 23 chains and 95 links to the center of the Amory and Smithville Road; thence West along said road 6 chains and 88 links; thence North 17 chains and 50 links to creek; thence along said creek West to the Point of Beginning.
Section 20: The East Half, (The E/2 of the Section), and
Section 28: The Entire Section, and
Section 29: The East Half, (The E/2 of the Section), and

TOWNSHIP 12 SOUTH, RANGE 18 WEST,

Section 17: The West Half (The W/2 of the Section), and The Southwest Quarter of the Southeast Quarter, (The SW/4 of the SE/4), and The fractional part of the East Half of the East Half of the Southeast Quarter and the fractional part of the West Half of the East Half of the Southeast Quarter, Less and except three (3) acres, more or less, heretofore sod to Bud Kirkpatrick per deed recorded in Deed Book 69 at Page 82 in the Office of the Chancery Clerk of Monroe County, Mississippi.
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Section 20: The Entire Section, and
Section 21: The West Half of the Southwest Quarter (The W/2 of the SW/4), and
Section 28: The West Half of the Northwest Quarter, (The W/2 of the NW/4), and
Section 29: The North Half of the Section, (The N/2 of the Section), LESS AND EXCEPT the Southwest Quarter of the Northwest Quarter, (The SW/4 of the NW/4), and
Section 30: That part of the following described property located in Section 30, Township 12 South, Range 18 West, beginning at the Northeast Corner of the Northwest Quarter of Section 30 thence running North 25 chains and 60 links; thence running West 14 chains and 82 links; thence North 18 degrees and minutes West 11 chains and 38 links; thence South 61 degrees West 31 chains and 90.5 links; thence South 22 degrees and 30 minutes East 43 chains and 10 links; thence East 30 chains and 12 links; thence North 20 chains and 11 links to the point of beginnings, Monroe County, Mississippi,

being underlain by the hereinafter described Storage Intervals.

B. The Storage Interval as used herein, shall be construed to mean those zones capable of storage of natural gas occurring at the

stratigraphic equivalent of that interval encountered between the depths of 1,700 feet and 2,002 feet as shown by the electrical log of the No. 1 Armstrong Well, located 990 feet from the North Line and 1653 feet from the West Line of Section 17, Township 12 South, Range 18 West, Monroe County, Mississippi.

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

D. Four Mile Creek Gas Storage, LLC., is designated the Operator of the Four Mile Creek Gas Storage Field.

RULE NO. 1:

Wells may be drilled, or reworked, and utilized in the operation of Four Mile Creek 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 Four Mile Creek 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 1,700 feet to 2,002 feet, as defined by the electrical log of the No. 1 Armstrong Well as referenced hereinabove in the Four Mile Creek Gas Storage Field is hereby authorized.

RULE NO. 4:

No well shall be drilled through the Storage Interval in the Four Mile Creek 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 Four Mile Creek Gas Storage Field, which wells may be converted for operations in the Four Mile Creek Gas Storage Field, and/or additional wells may be drilled within the Four Mile Creek 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 Four Mile Creek 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 Four Mile Creek Gas Storage Field, Monroe County, Mississippi.

RULE NO. 7:

All Orders entered relating to inter alia, the definition of zones, interval or strata, the designation of production units, the designation of unit wells, and the designation of operators for various wells within Four Mile Creek Gas Storage Field, as set out in State Oil and Gas Board Order No. 10-73 at Docket No. 6-73, Order No. 11-73 at Docket No. 7-73, Order No. 615-82 at Docket No. 412-82-564, Order No. 216-83 at Docket No. 157-83-564 and Order No. 216-83 are hereby deleted.