IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF AMERADA HESS CORPORATION TO ESTABLISH SPECIAL FIELD RULES FOR THE DRY CREEK DOME FIELD AND TO DISSOLVE EXISTING SPECIAL FIELD RULES FOR GUM BRANCH FIELD IN COVINGTON COUNTY, MISSISSIPPI

STATE OIL AND GAS BOARD

DOCKET NO. 42-95-565 & 787

FINAL ORDER NO. 71-95

APR 3 - 1995

A. Richard Henderson, Chairman

FINAL ORDER

THIS DAY this matter came on for hearing before the State Oil and Gas Board on the Petition of Amerada Hess Corporation for final authority to establish special field rules; such hearing being called for such purpose; and

WHEREAS, the Board 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 and way provided by law and 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, pursuant to said notice and service of process, public hearing was held by said Board in the hearing room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on March 15, 1995, at which hearing all persons present who desired to be heard on said matter were heard and all testimony and 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. By permit duly issued on May 19, 1993, Amerada Hess Corporation has drilled its Minerals Management 28-1 No. 1 Well on a 640 acre gas unit to a total depth of 15,055 feet. This well was drilled as a wildcat and discovered a productive gas pool in the Hosston Formation. Petitioner has since drilled its Minerals Management No. 2 Well on the same 640 acre drilling unit and has discovered a second gas pool in the Hosston Formation. Petitioner has staked locations for two more wells in this field.
2. These wells have been drilled in what is now designated as Dry Creek Dome Field. It is appropriate to establish Special Field Rules for development of these gas pools and to establish the geographical area for the general structural feature which has created these pools. Petitioner has proposed to define Dry Creek Dome Field to include the following lands:

Sections 15, 16, 17, 20, 21, 22, 27, 28 and 29, Township 8 North, Range 17 West, Covington County, Mississippi.

Petitioner has also proposed to define the two new Hosston Gas Pools as the Upper Hosston 14,000 Foot Gas Pool of the Southeast Segment and the Upper Hosston 14,500 Foot Gas Pool of the Southeast Segment in Dry Creek Dome Field.

3. In March 1982, Callon Petroleum Company drilled its Booth A-1 Well in the SE 1/4 of Section 28, Township 8 North, Range 17 West, Covington County, Mississippi, and produced gas from the Sligo Formation for approximately 2 years. This well was designated as the discovery well for Gum Branch Field. Special Field Rules for Gum Branch Field were established by this Board in Order No. 24-83, Docket No. 18-83-565, defining Gum Branch Field to be Sections 27 and 28 of said Township and Range. However, no additional productive wells were ever drilled in this field. The Booth A-1 Well has been abandoned since June 1984.

4. The proposed definition of Dry Creek Dome Field completely encompasses the two sections identified and defined under the Gum Branch Field Special Field Rules. The discovery well for Gum Branch Field appears to be on the same structure as the discovery well for Dry Creek Dome Field, i.e., the Dry Creek Dome. In order to avoid confusion on any additional development, the Board finds that it is appropriate and proper to dissolve the Gum Branch Field Special Field Rules and to have any further development of this acreage be accomplished under a single set of field rules.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules for Gum Branch Field shall be and are hereby dissolved and
that the Special Field Rules for Dry Creek Dome Field, Covington County, Mississippi shall be as follows:

SPECIAL FIELD RULES FOR
DRY CREEK DOME FIELD
COVINGTON COUNTY, MISSISSIPPI

A. The Dry Creek Dome Field, as used herein, is comprised of the following lands in Covington County, Mississippi and any productive extensions thereof:

Sections 15, 16, 17, 20, 21, 22, 27, 28 and 29, Township 8 North Range 17 West, Covington County, Mississippi.

B. The Upper Hosston 14,000 Foot Gas Pool of the Southeast Segment is defined as the interval in the Hosston Formation encountered in the Amerada Hess - Minerals Management 28-1 No. 1 Well, located in the NE 1/4 of Section 28, Township 8 North, Range 17 West, Covington County, Mississippi, indicated on the electric log of said well to be a depth of 14,000 - 14,220 feet, and all strata correlative to and in communication therewith.

C. The Upper Hosston 14,500 Foot Gas Pool of the Southeast Segment is defined as the interval in the Hosston Formation encountered in the Amerada Hess - Minerals Management No. 2 Well, located in the NW 1/4 of Section 27, Township 8 North, Range 17 West, Covington County, Mississippi, indicated on the electric log of said well to be a depth of 14,500 - 14,710 feet, and all strata correlative to and in communication therewith.

D. The Sligo Gas Pool of the Southwest Segment (formerly defined as the Sligo Gas Pool in the Gum Branch Field) is defined as the interval in the Sligo Formation encountered in the Callon Petroleum Company - Booth A-1 Well, located in the SE 1/4 of Section 28, Township 8 North, Range 17 West, Covington County, Mississippi, indicated on the electric log of said well to be at a depth of 14,538 - 14,636 feet, and all strata correlative to and in communication therewith.
RULE NO. 1: SPACING OF GAS WELLS.

Every well drilled to develop the above defined gas pools in Dry Creek Dome Field and/or productive therein, shall be drilled and/or produced on 640 acre drilling units consistent with Statewide Rule 8.1.

RULE NO. 2: APPLICABILITY OF STATEWIDE RULES.

(a) All rules and regulations contained in Statewide Order No. 201-51, and all 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.

ORDERED AND ADJUDGED this the 15th day of March, 1995.

MISSISSIPPI STATE OIL AND GAS BOARD

BY: [Signature] CHAIRMAN