

**BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI**

**FILED FOR RECORD**

**Re: Petition of Gibraltar Energy Company to  
Establish Special Field Rules for Hanging  
Kettle Field in Monroe County, Mississippi**

**DEC - 2 2008**

**STATE OIL AND GAS BOARD  
LISA IVSHIN, SUPERVISOR**

**Docket No. 519-2008-950**

**Order No. 785-2008**

**ORDER**

This cause came on to be heard on the Petition of Gibraltar Energy Company requesting the State Oil and Gas Board of Mississippi to enter an order naming a newly discovered field in Monroe County, Mississippi, as the "Hanging Kettle Field", adopting Special Field Rules for said field to establish the geographical limits of said field, to define the Carter Sand Gas Pool and to establish spacing rules for the Carter Sand Gas Pool, and granting related relief. This Board, having considered the Petition and the evidence submitted in support thereof, and being fully advised in the premises, is of the opinion and finds that the relief requested by Gibraltar Energy Company should be and the same is hereby granted. This Board further finds and determines as follows, to-wit:

1.

Due, proper and legal notice of the meeting of this Board for the purpose of considering and hearing the Petition filed herein has been given in the manner and time provided by law and the rules and regulations of this Board. Due, legal and sufficient proofs of publication of such notice and proof of notice by personal service are on file with this Board. Gibraltar Energy Company has made a reasonably diligent effort to give the personal notice required by the statutes of the State of Mississippi and the rules and regulations of this Board. This Board has full jurisdiction of the parties and the subject matter hereof.

2.

A public hearing was held by this Board in Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on November 19, 2008, at 10:00 o'clock a.m., at which time and place all persons who desired to be heard on said matter were heard and all testimony and evidence presented were duly considered by this Board. Gibraltar Energy Company was represented at the hearing by its attorney James M. Nix. No other parties made an appearance at the hearing of this matter.

3.

Gibraltar Energy Company is a Delaware corporation, whose business address is 200 North Washington Street, El Dorado, Arkansas 71730. Gibraltar Energy Company is duly authorized and qualified to do business in the State of Mississippi. Gibraltar Energy Company is the operator of the Hanging Kettle Corp. 9-10 No. 1 Well [API No. 23-095-20436-0001] in Monroe County, Mississippi.

4.

On September 16, 2008, Gibraltar Energy Company successfully completed the Hanging Kettle Corp. 9-10 No. 1 Well, which is located 2500 feet from the South line and 1500 feet from the East line of Section 9 in Township 16 South, Range 7 East, Monroe County, Mississippi, as a commercial gas well in the Carter Sand Gas Pool, with perforations between the depths of 5354 feet and 5364 feet on the electric log of said well.

5.

The Hanging Kettle Corp. 9-10 No. 1 Well is the discovery well for a new gas field in the State of Mississippi, which field should be designated as the "Hanging Kettle Field". This new field is situated approximately two miles West of Corinne Field and approximately one mile East of Strong Field.

6.

It is necessary that Special Field Rules be promulgated by this Board for Hanging Kettle Field to establish the limits of said field, to define the Carter Sand Gas Pool and to establish spacing rules for the Carter Sand Gas Pool in order that this field can be fully developed and the reserves efficiently drained therefrom without waste.

7.

The productive extensions of Hanging Kettle Field are believed to encompass all or portions of Sections 4, 9, 10 and 16 of Township 16 South, Range 7 East, Monroe County, Mississippi.

8.

In view of the data depicted on the electric log of the Hanging Kettle Corp. 9-10 No. 1 Well, the Carter Sand Gas Pool should be defined in the Special Field Rules for Hanging Kettle Field as follows:

**The Carter Sand Gas Pool** in Hanging Kettle Field shall be construed to mean those strata between the depths of 5342 and 5474 feet on the electric log of the Hanging Kettle Corp. 9-10 No. 1 Well located in the Northwest Quarter of the Southeast Quarter of Section 9 of Township 16 South, Range 7 East, Monroe County, Mississippi, and all sands correlative to and in communication with said strata.

9.

In view of the characteristics and properties of the Carter Sand Gas Pool, the proper spacing for the Carter Sand Gas Pool should be based upon 320-acre spacing with a minimum of 500 foot spacing from exterior boundaries of the 320-acre unit and a minimum of 1000 foot spacing between wells completed in and producing from the Carter Sand Gas Pool.

10.

The establishment of Special Field Rules for Hanging Kettle Field as set forth below in this Order will promote conservation, prevent waste, avoid the drilling of unnecessary wells, and safeguard, protect and enforce the coequal and correlative rights of all owners in Hanging Kettle Field.

IT IS THEREFORE ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the relief requested by Gibraltar Energy Company in this docket should be, and the same is hereby, granted and it is ordered that Special Field Rules should be, and the same hereby are, adopted for Hanging Kettle Field as follows, to-wit:

**SPECIAL FIELD RULES  
HANGING KETTLE FIELD  
MONROE COUNTY, MISSISSIPPI**

A. FIELD AREA:

The Hanging Kettle Field, as used herein, is that geographical area consisting of Sections 4, 9, 10 and 16 of Township 16 South, Range 7 East, Monroe County, Mississippi.

B. POOL DEFINITIONS:

The **Carter Sand Gas Pool** in Hanging Kettle Field shall be construed to mean those strata between the depths of 5342 and 5474 feet on the electric log of the Hanging Kettle Corp. 9-10 No. 1 Well located in the Northwest Quarter of the Southeast Quarter of Section 9 of Township 16 South, Range 7 East, Monroe County, Mississippi, and all sands correlative to and in communication with said strata.

C. RULES:

**RULE 1 -- Spacing of Gas Wells**

(1) The following spacing rules shall apply to each well drilled into and productive from the Carter Sand Gas Pool as defined above:

- (a) Each such well shall be located on a drilling unit consisting of (i) three hundred twenty (320) contiguous surface acres, or (ii) a governmental half-section containing not less than three hundred (300) acres nor more than three hundred forty (340) acres, or (iii) eight (8) contiguous governmental quarter-quarter sections whose total acreage is not less than three hundred (300) acres nor more than three hundred forty (340) acres. In any case, no other well completed in and producing from the same pool shall be located on any such unit. The word "contiguous" as used herein shall mean bordering each other at more than one point.
- (b) Any unit not a governmental half-section must be completely encompassed by the perimeter of a rectangle 3735 feet by 5380 feet; provided, however, no unit shall be permitted which will create island acreage.
- (c) The well shall be located at least 1000 feet from every other well completed in and producing from the same pool located in conformity with this rule.
- (d) The well shall be located no less than 500 feet from every exterior boundary of the drilling unit.

**RULE 2 -- Amendment of Special Field Rules**

The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any and all of the above rules and regulations, or to grant exceptions to all or any part thereof.

**RULE 3 -- Applicability of Statewide Rules**

All rules and regulations contained in Statewide Order No. 201-51, and all amendments thereto, are hereby adopted and shall apply to Hanging Kettle Field to the extent not inconsistent with the above rules.

- End of Special Field Rules -

IT IS FURTHER ORDERED that this Order shall be effective from and after  
November 19, 2008.

SO ORDERED AND ADJUDGED on this the 2nd day of December, 2008.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By:

  
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David A. Scott, Chairman

Prepared and submitted by:  
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