

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF HAZLEHURST JUNCTION GAS STORAGE, LLC  
TO ESTABLISH THE HAZLEHURST SALT DOME  
GAS STORAGE FIELD, ADOPT SPECIAL FIELD  
RULES FOR THE FIELD, TO BE LOCATED IN  
SECTIONS 27 AND 28, TOWNSHIP 1 NORTH, RANGE 1  
WEST, COPIAH COUNTY, MISSISSIPPI, AND  
OBTAIN RELATED RELIEF

FILED FOR RECORD

JAN 29 2009

STATE OIL AND GAS BOARD  
LISA IVSHIN, SUPERVISOR

DOCKET NO. 30-2009-952

ORDER NO. 47-2009

ORDER

THIS MATTER came on for hearing before the State Oil and Gas Board on the Petition of Hazlehurst Junction Gas Storage, LLC, Petitioner, and, pursuant to Miss. Code Ann. Sections 53-3-15 et seq. and the Board's Statewide Rule 64, to designate and name the Hazlehurst Salt Dome Gas Storage Field, grant Petitioners authority to use the Hazlehurst Salt Dome to create, develop and operate artificially formed solution mined underground storage caverns or cavities in dissolved salt beds in the said salt dome for the injection, storage, and withdrawal of volumes of natural gas; to drill, equip and operate wells to do so; and to adopt Special Field Rules for the said field, and grant related relief; 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, a public hearing was held by the Board in the hearing room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on Wednesday, January 21, 2009, and the Board heard testimony and evidence regarding the request by Hazlehurst Junction Gas Storage, LLC; and

WHEREAS, the Board has fully considered said matter and the evidence and recommendations made in said hearing and finds as follows:

1.

The proposed Hazlehurst Salt Dome Gas Storage Field is comprised of the following described lands:

An 80.00 acre tract of land situated in the SW 1/4 of the NW 1/4 of Section 27, in the SW 1/4 of NE 1/4 of Section 28, in the NW 1/4 of NE 1/4 of Section 28, in the NE 1/4 of NE 1/4 of Section 28, and in the SE 1/4 of NE 1/4 of Section 28, all in T1N, R1W, Copiah County, Mississippi and being more particularly described as follows:

Begin at a 1/2 inch iron pin marking the Southwest corner of the SE 1/4 of the NE 1/4 of Section 28, T1N, R1W, Copiah County, Mississippi. Thence run North 357.15 feet to a 1/2 inch iron pin. Thence run West 767.00 feet to a 1/2 inch iron pin. Thence run North 490.16 feet to a 1/2 inch iron pin. Thence run West 466.17 feet to a 1/2 inch iron pin on the East line of a gravel road and easement as per Deed Book 16M At Page 178 of the Copiah County Land Records. Thence run along said line N02°03'00"E 49.88 feet to a 1/2 inch iron pin. Thence leaving said line run East 217.00 feet to a 1/2 inch iron pin. Thence run North 995.84 feet to a 1/2 inch iron pin. Thence run East 1014.92 feet to a 1/2 inch iron pin. Thence run North 658.65 feet to a 1/2 inch iron pin. Thence run East 552.77 feet to a 1/2 inch iron pin. Thence run South 1343.74 feet to a 1/2 inch iron pin. Thence run East 935.87 feet to a 1/2 inch iron pin. Thence run South 550.00 feet to a 1/2 inch iron pin. Thence run West 765.78 feet to a 1/2 inch iron pin. Thence run South 657.91 feet to a 1/2 inch iron pin. Thence run West 722.90 feet to the point of beginning.

The above described lands are situated in Sections 27 and 28, Township 1 North, Range 1 West, Copiah County, Mississippi and contain 80 acres, more or less.

2.

The Hazlehurst Salt Dome is a natural salt dome lying beneath the above described lands. Petitioner has acquired the consent of a majority of all the surface rights in the proposed Field and has acquired the consent of a majority of all interests in the underground stratum that is to be used for the creation and use of the proposed caverns and cavities. Petitioner will be the owner/operator of the proposed field, caverns, cavities, wells and related facilities.

3.

Petitioner currently has plans to drill up to six (6) storage caverns in the proposed Field with a storage capacity of 10.8 MMb per cavern. The storage caverns or cavities will be artificially created by solution mining, specifically engineered for natural gas storage at depths of approximately 3700 to 5800 feet below the surface. Each cavern or cavity will be created by dissolving underground salt so that an open underground cavern or cavity is formed. The remaining salt will act as an impermeable barrier that holds the gas in place until it is needed. The brine water that is created during the solution mining process will be brought to the surface before being reinjected in saltwater disposal wells which have been or will be individually permitted.

4.

The storage interval is salt and does not contain any native oil, gas or other hydrocarbons. The underground salt stratum that is to be used for the storage caverns or

cavities is suitable and feasible for such uses, and it is in the public interest to do so. Use of the said underground salt stratum for the proposed storage of natural gas will not contaminate any other formations that contain freshwater, oil, gas or other hydrocarbons. The proposed storage will not endanger lives or property.

5.

The proposed Special Field Rules will apply to the above described lands, will designate Petitioner as the operator, and will provide as follows:

Rule No. 1: Underground storage caverns may be created and utilized in the operation of the Hazlehurst Salt Dome Gas Storage Field upon permit being issued for the cavern well(s) pursuant to Statewide Rules 4 and 64.

Rule No. 2: No well shall be drilled into or within 1000 feet of the Hazlehurst Salt Dome except upon notice and hearing before the Board, including as provided for in Statewide Rule 64.

Rule No. 3: The operator of the field is authorized to use for injection, storage and/or withdrawal purposes any wells that are drilled in the field.

Rule No. 4: The creation, development, operation and maintenance of the field shall be subject to the provisions of the applicable Statewide Rules, including Rules 4 and 64.

6.

The adoption of the proposed Special Field Rules will prevent waste, protect the coequal and correlative rights of all owners in the field and area, and will afford Petitioners the opportunity to utilize the Hazlehurst Salt Dome for the purposes allowed by the applicable statutes and rules, thereby serving the public interest.

IT IS, THEREFORE, ORDERED AND ADJUDGED, that this Board does hereby designate and name the Hazlehurst Salt Dome Gas Storage Field as proposed above; grant Petitioner the requested authority to use the Hazlehurst Salt Dome to create, develop and operate artificially formed solution mined underground storage caverns or cavities in dissolved salt beds in the said salt dome for the injection, storage and withdrawal of volumes of natural gas, including the drilling and operation of wells to do so; and adopt Special Field Rules for the said field; and confirms and approves Petitioner's authority as Operator to exercise the right of eminent domain, in the manner provided by law, to acquire all surface

and subsurface rights necessary and useful for the purpose of storing natural gas or compressed air, pursuant to Miss. Code Ann. § 53-3-159.

SO ORDERED AND ADJUDGED, this 21<sup>st</sup> day of January 2009, effective January 21, 2009.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By:

  
CHAIRMAN

SUBMITTED BY:

J. Jeffrey Trotter (MBN 9670)  
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