

RE: PETITION OF CENTURION RESOURCES,
LLC TO RE-ESTABLISH SPECIAL FIELD
RULE FOR HOLLY FIELD, ITAWAMBA
COUNTY, MISSISSIPPI.

NOV - 6 2003

STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR

DOCKET NO. 355-2003-776

FINAL
ORDER NO. 521-2003

FINAL ORDER

THIS MATTER came on for hearing before the State Oil and Gas Board on the Petition of Centurion Resources, LLC for final authority to re-establish Special Field Rules for Holly Field; 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 Mississippi Code Ann. § 53-3-7(2)(Supp. 1998) 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, October 29, 2003, and the Board heard testimony and evidence regarding the request by Petitioner; and

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

1. By Final Order No. 263-93, Docket No. 195-93-776, dated August 18, 1993, special field rules for Holly Field were established on a temporary basis. These special field rules expired in July 1995.

2. Petitioner recently assumed operations of the Harris No. 1 and Harris No. 2 Wells in Holly Field and seeks to re-establish and make permanent the special field rules adopted by this Board in Docket No. 195-93-776. There are no other wells currently shut-in or producing in this field.

3. The well data obtained from the Harris No. 1 Well and the Harris No. 2 Well continues to support the special field rules that were temporarily in place for this field. This data indicates that the Evans Gas Sand and the Lewis Gas Sand within Holly Field continue to be very low-pressure gas sands that follow meandering channels. These sands are very shallow, lying less

than 1100 feet deep and are productive in only limited volumes due to the low pressure of these formations.

4. Because of the nature and characteristics of the Evans Gas Sand and the Lewis Gas Sand and in order to ensure the continued orderly development of this field it is necessary that special field rules for Holly Field be re-established on a permanent basis, defining these sands and establishing spacing rules to maximize the recovery of gas, gas condensate and gaseous hydrocarbons from the field. Because of the low volume of production it is necessary to re-establish spacing on the basis of four (4) wells per 320-acre unit as previously approved by this Board.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules attached hereto as Exhibit A, are hereby re-established on a permanent basis as herein requested.

IT IS FURTHER ORDERED that Petitioner shall acquire all other permits if any required by any other permitting authority.

SO ORDERED AND ADJUDGED this 6th day of November 2003, effective October 29, 2003.

MISSISSIPPI STATE OIL AND GAS BOARD

BY: _____


CHAIRMAN

SUBMITTED BY:

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EXHIBIT A

SPECIAL FIELD RULES FOR THE HOLLY FIELD ITAWAMBA COUNTY, MISSISSIPPI

A. FIELD AREA:

The Holly Field, as used herein, is that area consisting of the following described land in Itawamba County, Mississippi, to-wit:

Township 9 South, Range 10 East

Sections: 1, 2, 3, 10, 11, 12, 13 and 14

which is underlain by the Evans Gas Sand and/or the Lewis Gas Sand, as herein defined, and all productive extensions thereof.

B. DEFINITION OF SANDS:

1. The Evans Gas Sand of Holly Field shall be construed to mean those strata of the Mississippian Formation productive of gas, gas condensate and gaseous hydrocarbons located in the interval between the electrical log depths (Dual Induction – Gamma Ray) of 860 feet and 910 feet as found in the Craft, Moon & Ostrander Operating, Inc.'s Harris No. 1 Well (located 1100 feet from the West line and 2200 feet from the North line of Section 2, Township 9 South, Range 10 East, Itawamba County, Mississippi), and all sands correlative of said strata.

2. The Lewis Gas Sand of Holly Field shall be construed to mean those strata of the Mississippian Formation productive of gas, gas condensate and gaseous hydrocarbons located in the interval between the electrical log depths (Dual Induction – Gamma Ray) of 1024 feet and 1050 feet as found in the Craft, Moon & Ostrander Operating, Inc.'s Harris No. 1 Well (located 1100 feet from the West line and 2200 feet from the North line of Section 2, Township 9 South, Range 10 East, Itawamba County, Mississippi), and all sands correlative of said strata.

C. SPACING OF WELLS:

With respect to each of the gas sands defined above, every gas well shall comply with the following spacing rules:

1. Each gas well shall be located on a drilling unit consisting of (a) 320 contiguous surface acres; or (b) a governmental half-section containing not less than 300 acres nor more than 340 acres; or (c) eight contiguous governmental quarter-quarter sections whose total acreage is not less than 300 nor more than 340 acres.

2. Each gas well shall be located on a drilling unit upon which no more than three (3) other wells drilling to or producing from the same gas sand is located.

3. Any gas drilling unit formed under this rule 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.

4. Each gas well shall be located not less than 330 feet from every exterior boundary of the drilling unit.

5. Each gas well shall be located not less than 660 feet from every other well located on another drilling or production unit which is drilling to or producing from the same gas sand and which is located in conformity with this rule.

D. APPLICABILITY OF STATEWIDE RULES:

1. All rules and regulations contained in the Statewide Order No. 201-51 and amendments thereto not specifically covered in the foregoing rules are hereby adopted and shall apply to the Holly Field.

2. The Board expressly reserves its rights after notice and hearing to alter, amend or repeal any and all of the rules and regulations contained herein.