

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF ALLEN OPERATING COMPANY  
TO ESTABLISH SPECIAL FIELD RULES  
FOR THE HOLLY GROVE FIELD, AMITE  
COUNTY, MISSISSIPPI

JUL 10 2003

STATE OIL AND GAS BOARD  
WALTER BOONE, SUPERVISOR

DOCKET NO. 194-2003-740

ORDER NO. 285-2003

**ORDER**

THIS CAUSE came to be heard on the Petition of Allen Operating Company (“Petitioner”) requesting the Board to establish Special Field Rules for the Holly Grove Field, Amite County, Mississippi; 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 required by 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, a public hearing was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on June 18, 2003, at 9:30 o’clock a.m. at which hearing all persons present who desired to be heard on said matter were heard and all testimony and the 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.

Petitioner is the current operator of the Gallent No. 1 Well (“the Well”) which is a Frio Gas well located within the geographic boundary of the Holly Grove Field (“the Field”). Special Field Rules for the Field have never been adopted for this Field.

2.

The Frio Gas Formation under the area described as the Field contains at least two separate and distinct Frio Gas Pools known as the Upper Frio and the Basal Frio Gas Pools. These gas pools are not geologically connected one to another. The log interpretations conclusively establish that these separate and distinct reservoirs exist within the Frio Formation.

3.

It is necessary to adopt the Special Field Rules to separately define the Frio Pools.

4.

The establishment of the Special Field Rules as set forth herein for the Frio Gas Pools in the Holly Grove Field, Amite County, Mississippi will promote conservation, protect the co-equal and correlative rights of all owners in interest, avoid the drilling of unnecessary wells and permit gas to be produced from said gas pools which would not otherwise be recoverable.

**IT IS, THEREFORE, ORDERED AND ADJUDGED** by the State Oil and Gas Board of Mississippi that the Field Rules for the Holly Grove Field, Amite County, Mississippi should be established as follows:

**SPECIAL FIELD RULES**  
**HOLLY GROVE FIELD, AMITE COUNTY, MISSISSIPPI**

A. The Holly Grove Field, as used herein, is that area consisting of Sections 4, 5, 6, 12, 13 and the NW¼ of Section 14, Township 1 North, Range 2 East, Amite County, Mississippi; underlain by the Upper Frio Gas Pool and the Basal Frio Gas Pool and including all productive extensions to such area.

B. The Upper Frio Gas Pool in the Field shall be construed to mean that strata of the Frio Formation productive of gas at an interval of 4,048 feet to 4,064 feet as indicated on the electric log of the Allen Operating Company - Gallent No. 1 Well, and all sands correlative to and in communication therewith of that strata productive of gas, said Well being located 2,467 feet from the West line and 183 feet from the South line of Section 4,

Township 1 North, Range 2 East, Amite County, Mississippi.

C. The Basal Gas Pool in the Field shall be construed to mean that strata of the Frio Formation productive of gas at the interval of 4,160 feet through 4,192 feet as indicated on the electric log of the Allen Operating Company - Gallent No. 1 Well and all sands correlative to and in communication with this strata productive of gas, said Well being located 2,467 feet from the West line and 183 feet from the South line of Section 4, Township 1 North, Range 2 East, Amite County, Mississippi.

### **RULE 1 - SPACING OF GAS WELLS**

Every Frio Well drilled as a gas well:

(a) shall be located on a drilling unit consisting of 340 contiguous surface acres with a tolerance of 5%, more or less, or a governmental quarter section containing not less than 300 acres or more than 340 acres or eight (8) contiguous governmental quarter-quarter sections, the total acreage of which is not less than 300 or more than 340 acres, upon which no other drilling or producible well in the same gas pool is located;

(b) any gas drilling unit formed under Rule 6(a) must be completely encompassed by the perimeter of a rectangle 3,735 feet by 5,380 feet. Provided, however, no unit shall be permitted which will create island acreage;

(c) each well shall be located at least 1,500 feet from every other drilling or producible well in the same gas pool located in conformity with this rule; and

(d) the well shall be located at least 750 feet from every exterior boundary of the drilling unit.

(e) all units which are currently established on 320 acre units as of the date of the filing of this Petition shall remain on such 320 acre units.

### **RULE 2 - APPLICABILITY OF STATEWIDE RULES**

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 Holly Grove Field.

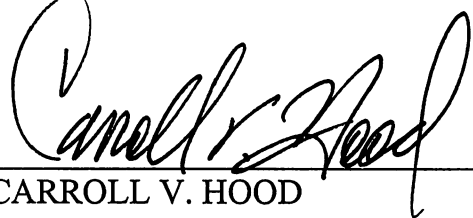
**\*\*\*End of Special Field Rules\*\*\***

**IT IS FURTHER ORDERED AND ADJUDGED** that this Order shall be in force and effect from and after June 18, 2003.

**IT IS FURTHER ORDERED AND ADJUDGED** that Petitioner shall acquire any other permits, if any, required by any other permitting authority.

**ORDERED AND ADJUDGED** this 10<sup>th</sup> day of July, 2003.

**STATE OIL AND GAS BOARD OF  
MISSISSIPPI**



CARROLL V. HOOD  
CHAIRMAN

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