

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF ALLEN OPERATING COMPANY
TO ESTABLISH THE SPECIAL FIELD RULES
FOR THE MARDI GRAS FIELD, WILKINSON
COUNTY, MISSISSIPPI

FILED FOR RECORD

OCT 12 1994

STATE OIL AND GAS BOARD
JACKSON, MISSISSIPPI

DOCKET NO. 230-94-777

ORDER NO. 317-94

ORDER

THIS DAY, this cause came to be heard on the Petition of Allen Operating Company ("Petitioner") requesting that the Special Field Rules be adopted by this Board for the Mardi Gras Field to define two separate and distinct Frio Gas Pools, Wilkinson County, Mississippi, as set forth in said Petition, 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 required by Miss. Code Ann. §53-3-7(2) (Supp. 1994) 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, a public hearing was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on September 21, 1994, 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 two Frio Gas wells located within Sections 17 and 18, Township 2 North, Range 2 West, Mardi Gras Field. These wells are completed in separate and distinct Frio Gas Pools; however no Special Field Rules for the

Mardi Gras Field, Wilkinson County, Mississippi, have ever been adopted.

2.

Petitioner proved that the Frio Gas Formation under the area described as the Mardi Gras Field actually contains at least two completely separate and distinct pools or reservoirs. These reservoirs are labeled herein Frio "A" and Frio "B" Sand Gas Pools. The log interpretations, production characteristics, and pressure data conclusively establish that these two separate and distinct reservoirs exist within the Frio Formation.

3.

It is necessary to establish the Special Field Rules to define the two separate and distinct Frio A and B Gas Pools. Attached hereto are the proposed Special Field Rules for the Mardi Gras Field, Wilkinson County, Mississippi, as they apply to the Frio A and B Gas Pools and all other reservoirs.

4.

The establishment of the Special Field Rules as set forth in herein for the Frio A and B Pools in the Mardi Gras Field, Wilkinson 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, ADJUDGED AND DECREED, by the State Oil and Gas Board of Mississippi that the following Special Field Rules be, and the same are, hereby adopted for the Mardi Gras Field located in Wilkinson County, Mississippi, to take effect on and after September 21, 1994, to-wit:

- A. The Mardi Gras Field, as used herein, is that area consisting of Sections 17 and 18 of Township 2 North, Range 2 West, Wilkinson County, Mississippi underlain by the Frio "A" Sand Gas Pool and the Frio "B" Sand Gas Pool and including all productive extensions to such area.

- B. The Frio "A" Sand Gas Pool in the Mardi Gras Field shall be construed to mean that strata of the Frio Formation productive of gas at an interval of 3770 feet to 3790 feet as indicated on the electric log of the Allen Operating Co. - Morris No. 1 Well, and all sands correlative to and in communication therewith of that strata productive of gas, said Well being located 1,575 feet from the South line and 450 feet from the East line of Section 18, Township 2 North, Range 2 West, Wilkinson County, Mississippi.
- C. The Frio "B" Sand Gas Pool shall be construed to mean that strata of the Frio Formation productive of gas at the interval of 3369 feet through 3380 feet as indicated on the electric log of the Allen Operating Company - Morris No. 2 Well and all sands correlative to and in communication with this strata productive of gas, said Well being located from the Southwest corner of Section 17, Township 2 North, Range 2 West, go northerly along the West boundary of Section 17 for 1958 feet, thence easterly at right angles for 160 feet to location in Section 17, Township 2 North, Range 2 West, Wilkinson 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 320 contiguous surface acres with a tolerance of 5%, more or less, or a governmental half 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 1,980 feet from every other drilling or producible well in the same gas pool located in conformity with this rule; and

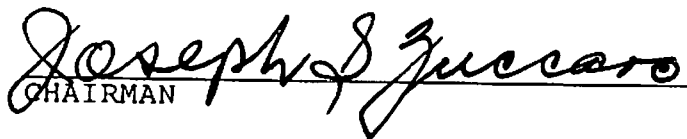
(d) the well shall be located at least 990 feet from every exterior boundary of the drilling unit.

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 Mardi Gras Field.

ORDERED AND ADJUDGED this 21st day of September, 1994.

STATE OIL AND GAS BOARD OF MISSISSIPPI


CHAIRMAN