

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF EDGE PETROLEUM
OPERATING COMPANY, INC.,
TO ESTABLISH SPECIAL FIELD RULES
FOR MIDWAY DOME FIELD,
LAMAR COUNTY, MISSISSIPPI

FILED FOR RECORD

JUL 19 2006

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 244-2006-812

ORDER NO. 344-2006

ORDER

On June 21, 2006, this matter came on for hearing before the State Oil and Gas Board on the Petition of Roundtree & Associates, Inc., for authority to Establish Special Field Rules for Midway Dome Field, Lamar County, Mississippi and for related relief, such hearing being called for such purpose;

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 are on file with the Board; and that the Board has full jurisdiction of the parties and subject matter to hear and determine same; and

WHEREAS, pursuant to said notice given, public hearing was held by said Board in the hearing room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on June 21, 2006, at which all persons present who desired to be heard on said matter were heard and all testimony and 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. That Petitioner is operator of all producing wells in the Midway Dome area of Lamar County, Mississippi, as follows:

Miller-Allar No. 6 on a 640 acre gas unit consisting of Section 31- T4N-R15W producing Hosston Formation gas;

Patterson No. 1 on a 640 acre gas unit consisting of Section 32- T4N-R15W producing commingled Hosston Formation, Sligo Formation and James Lime Formation gas;

Patterson No. 2 on a 640 acre gas unit consisting of Section 32- T4N-R15W currently being drilled;

Allar Company No. 1 on a 640 acre gas unit consisting of Section 33-T4N-R15W producing Hosston Formation gas;

Allar Company No. 2 on a 640 acre gas unit consisting of Section 34-T4N-R15W producing Hosston Formation gas;

2. That Petitioner's Patterson No. 1 Well was drilled in late 1995 and early 1996 pursuant to Order No. 373-95 in Docket 236-95-812 on a 640 acre gas unit in Lamar County, Mississippi consisting of the entire Section 32, Township 4 North, Range 15 West, Lamar County, Mississippi. The well was directionally drilled from a regular surface location being approximately 2,443 feet from the south line and approximately 2,360 feet from the west line of Section 32, Township 4 North, Range 15 West, and to a regular bottom hole location being approximately 3,500 feet from the south line and approximately 2880 feet from the west line of said section, to a total measured depth of approximately 15,800 feet. Petitioner proposes to use the Patterson No. 1 Well as the defining well for gas production in Midway Dome Field.

3. That Petitioner's Patterson No. 1 was initially completed in the Hosston Formation and commenced gas production of approximately 6,000 MCF per day in the Spring of 1996. By the end of 2003, gas production from the Hosston Formation had declined to approximately 500 MCF per day.

4. That in early 2004 the Patterson No. 1 was plugged back and recompleted in the James Limestone Formation at depths of greater than 13,500 feet. The Well initially produced approximately 2000 MCF per day in the James Limestone but the rate of production quickly declined so that by the Summer of 2005 the Patterson No. 1 was producing approximately 500 MCF per day.

5. That in 2005 Petitioner commingled the production from the Hosston Formation and the James Limestone in its Patterson No. 1 as an exception to Statewide Rule 15 as authorized in Order 460-2005, effective October 19, 2005. Neither the Hosston Formation nor the James Limestone production alone in the Patterson No. 1 Well were of sufficient volumes to substantially extend the productive life of the well. By commingling downhole the production from the two reservoirs, the economic life of the Patterson No. 1 Well has been somewhat extended. By the Spring of 2006 the Patterson No. 1 Well was producing approximately 350 MCF per day in commingled production from the Hosston and James Limestone formations.

6. That by Order No. 275-2006 effective May 17, 2006, Petitioner has been granted authority to commingle production from the Hosston Formation, the James Limestone Formation and the Sligo Formation in its Patterson No. 1 Well.

7. That Special Field Rules for Midway Dome Field shall be established to define the gas pools in the Hosston Formation, the James Limestone Formation and the Sligo Formation. Petitioner is only operator of wells in Midway Dome Field.

8. That the Hosston Gas Pool (Rule 2.A. in Exhibit "A") should be defined as those strata of the Hosston formation productive of gas and condensate in the interval between 14,340 feet and 15,649 feet measured depth as appears on the Schlumberger Compensated Neutron-Litho

Density Log dated February 17, 1996, for the Patterson No. 1 Well and all sands correlative of this strata and in communication therewith, and all productive extensions thereof.

9. That the Sligo Gas Pool (Rule 2.B. in Exhibit "A") should be defined as those strata of the Sligo formation productive of gas and condensate in the interval between 14,096 feet and 14,340 feet measured depth as appears on the Schlumberger Compensated Neutron-Litho Density Log dated February 17, 1996, for the Patterson No. 1 Well and all sands correlative of this strata and in communication therewith, and all productive extensions thereof.

10. That the James Limestone Gas Pool (Rule 2.C. in Exhibit "A") should be defined as those strata of the James Limestone formation productive of gas and condensate in the interval between 13,740 feet and 14,096 feet measured depth as appears on the Schlumberger Compensated Neutron-Litho Density Log dated February 17, 1996, for the Patterson No. 1 Well and all sands correlative of this strata and in communication therewith, and all productive extensions thereof.

11. That downhole commingling of production from the Hosston Gas Pool, the Sligo Gas Pool, and James Limestone Gas Pool, or any two of them (Rule 3 in Exhibit "A"), should be authorized.

12. That the adoption of the Special Field Rules for the Midway Dome Field, as set forth in Exhibit "A" hereto, will promote the orderly development of the Hosston Gas Pool, the Sligo Gas Pool, and the James Limestone Gas Pool and will promote conservation and prevent waste, will protect and enforce the co-equal and correlative rights of all parties, will avoid the drilling of unnecessary wells, and permit hydrocarbons to be produced from the field which would not otherwise be recoverable.

IT IS, THEREFORE, ORDERED AND ADJUDGED that Special Field Rules for Midway Dome Field, Lamar County, Mississippi, are established as set forth in Exhibit "A" hereto.

ORDERED AND ADJUDGED this the 19th day of July, 2006, effective June 21, 2006.

MISSISSIPPI STATE OIL & GAS BOARD

By: 
DAVID A. SCOTT
CHAIRMAN

SUBMITTED BY:
WATTS C. UELTSCHY
MS State Bar No. 5758
BRUNINI, GRANTHAM, GROWER & HEWES
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Jackson, Mississippi 39205
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ATTORNEYS FOR PETITIONER,
EDGE PETROLEUM OPERATING COMPANY, INC.

EXHIBIT "A"

SPECIAL FIELD RULES MIDWAY DOME FIELD LAMAR COUNTY, MISSISSIPPI

RULE 1: FIELD LIMITS

The Midway Dome Field is defined as that area consisting of the following described lands, to wit: Sections 31, 32, 33 and 34, Township 4 North, Range 15 West; Lamar County, Mississippi, as underlain by the gas pools herein defined and all strata correlative thereto or productive extensions thereof.

RULE 2: POOL DEFINITIONS

A. The Hosston Gas Pool is defined as those strata of the Hosston formation productive of gas and condensate in the interval between 14,340 feet and 15,649 feet measured depth in the Patterson No. 1 Well, as indicated on the Schlumberger Compensated Neutron- Litho Density Log of said well as recorded on February 17, 1996, and all sands correlative of this strata and in communication therewith, and all productive extensions thereof, the surface location of said well is 2,443 feet from South line and 2,360 feet from West line of Section 32, Township 4 North, Range 15 West, Lamar County, Mississippi.

B. The Sligo Gas Pool is defined as those strata of the Sligo formation productive of gas and condensate in the interval between 14,096 feet and 14,340 feet measured depth in the Patterson No. 1 Well, as indicated on the Schlumberger Compensated Neutron- Litho Density Log of said well as recorded on February 17, 1996, and all sands correlative of this strata and in communication therewith, and all productive extensions thereof, the surface location of said well is 2,443 feet from South line and 2,360 feet from West line of Section 32, Township 4 North, Range 15 West, Lamar County, Mississippi.

C. The James Limestone Gas Pool is defined as those strata of the James Limestone formation productive of gas and condensate in the interval between 13,740 feet and 14,096 feet measured depth in the Patterson No. 1 Well, as indicated on the Schlumberger Compensated Neutron- Litho Density Log of said well as recorded on February 17, 1996, and all sands correlative of this strata and in communication therewith, and all productive extensions thereof, the surface location of said well is 2,443 feet from South line and 2,360 feet from West line of Section 32, Township 4 North, Range 15 West, Lamar County, Mississippi

RULE 3: COMMINGLING OF GAS PRODUCTION

Downhole commingling of production from the Hosston Gas Pool, the Sligo Gas Pool, and James Limestone Gas Pool, or any two of them, is authorized. Before commingling, the operator shall file for a workover permit and describe the commingled work plan. Thereafter the operator shall report the well completion and the commingled gas pools. All production thereafter shall be reported as commingled production and shall identify the gas pools which are commingled.

RULE 4: APPLICABILITY OF STATEWIDE RULES

A. All rules and regulations contained in Statewide Order No. 201-51 and amendments thereto, not in conflict with the foregoing, shall apply to said field until such time as these Special Field Rules may be altered or amended. The Board expressly reserves the right, after notice and hearing, to alter or amend or repeal any and all of the foregoing regulations.

B. The Miller-Allar No. 6, Patterson No. 1, Patterson No. 2, The Allar Company No. 1 and The Allar Company No. 2 are existing wells in Midway Dome Field at the time these Special Field Rules were adopted; and to the extent said wells were drilled or production

therefrom was authorized as exceptions to the foregoing rules, said exceptions are adopted and confirmed.

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