

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: AMENDED PETITION OF LEAF RIVER ENERGY CENTER LLC FOR AUTHORITY TO ESTABLISH THE NEW HOME SALT DOME GAS STORAGE FIELD, ADOPT SPECIAL FIELD RULES FOR THE PROPOSED GAS STORAGE FIELD AND OBTAIN RELATED RELIEF, NEW HOME SALT DOME GAS STORAGE FIELD, SMITH COUNTY, MISSISSIPPI.

FILED FOR RECORD

APR - 9 2008

STATE OIL AND GAS BOARD  
LISA IVSHIN, SUPERVISOR

DOCKET NO. 524-2007-938

ORDER NO. 129-2008

AGREED FINAL ORDER

THIS MATTER came on for final hearing on the 26<sup>th</sup> day of March, 2008, on the Amended Petition of Leaf River Energy Center, LLC, ("Leaf River") to establish the New Home Salt Dome Gas Storage Field in Smith County, Mississippi; to adopt Special Field Rules for the gas storage field; to obtain authority to use the New Home Salt Dome to create, develop and operate underground storage caverns formed by solution mining in salt beds for the injection, storage and withdrawal of volumes of natural gas; to drill, equip and operate wells so to do; and to obtain related relief, pursuant to Sections 53-3-151 et seq. and Statewide Rule 64.

WHEREAS, the Amended Petition of Leaf River was contested by Earth Station Communications, LLC and Bean Resources, Inc. and as a result of said contest the parties entered into a settlement agreement dated March 20, 2008, which is incorporated herein by reference, and provisions of which are set forth hereinafter; and

WHEREAS, a public hearing was held by said Board in the hearing room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on March 26, 2008, at which time all persons present who desired to be heard on said matter were heard and all testimony and evidence was 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 proper, due and legal notice of the meeting of this Board for the purpose of considering and taking action on the requested relief was given in the manner provided by law and the rules and regulations of this 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

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2. That the Special Field Rules of New Home Salt Dome Gas Storage Field are established in form and substance as set forth in Exhibit "A", attached hereto.

3. That the New Home Salt Dome is a natural salt dome lying beneath the lands described in the Special Field Rules.

4. That the storage caverns or cavities will be created by solution mining, specifically engineered for natural gas storage at depths of approximately 3900 feet to 5723 feet below the surface.

5. That 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 stratum for the proposed storage of natural gas will not contaminate any other formations that contain freshwater, oil, gas or other hydrocarbons.

6. That the adoption of the proposed Special Field Rules, attached as "Exhibit A", will prevent waste, will protect the coequal and correlative rights of all owners in the field and area, and will afford the opportunity to utilize the New Home Salt Dome for the purposes allowed by the applicable statutes and rules, thereby serving the public interest.

**IT IS THEREFORE ORDERED AND ADJUDGED** that the New Home Salt Dome Gas Storage Field is designated and named as outlined the attached Special Field Rules;

**IT IS FURTHER ORDERED** that the New Home Salt Dome may be used to create, develop and operate underground storage caverns or cavities in dissolved salt beds, formed by solution mining for the injection, storage and withdrawal of volumes of natural gas, including the drilling and operation of wells to do so;

**IT IS FURTHER ORDERED** that the Special Field Rules for said New Home Dome Gas Storage Field (attached as Exhibit "A") are hereby adopted;

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

**SO ORDERED AND ADJUDGED** this the 9<sup>th</sup> day of April 2008, but effective as of March 26, 2008.

MISSISSIPPI STATE OIL AND GAS BOARD

By: 


DAVID A. SCOTT, Chairman

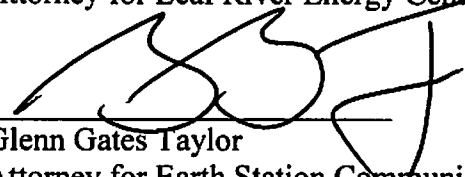
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Submitted by:

WATTS C. UELTSCHHEY, MS State Bar No. 5758  
BRUNINI, GRANTHAM, GROWER & HEWES  
1400 Trustmark Bank Building  
Post Office Drawer 119  
Jackson, Mississippi 39205  
Telephone: (601) 948-3101  
**ATTORNEY FOR PETITIONER,  
LEAF RIVER ENERGY CENTER LLC**

**ACCEPTED AND AGREED:**

  
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Watts C. Ueltschey  
Attorney for Leaf River Energy Center LLC

  
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Glenn Gates Taylor  
Attorney for Earth Station Communications, LLC/Bean Resources, Inc.

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**EXHIBIT "A"**

**NEW HOME SALT DOME GAS STORAGE FIELD  
SPECIAL FIELD RULES**

**Geographical Area:**

The "New Home Salt Dome Gas Storage Field" is comprised of the following lands described in two parcels as the "Bean Lands" and the "Leaf River Lands." A plat that outlines the said field is attached hereto as Exhibit 1.

**"Leaf River Lands":**

Section 5, Township 10 North, Range 13 West

East twenty-three (23) acres of Southeast Quarter of Southwest Quarter (SE $\frac{1}{4}$  SW $\frac{1}{4}$ ); and

North Half of South Half of Southeast Quarter (N $\frac{1}{2}$  S $\frac{1}{2}$  SE $\frac{1}{4}$ ); and

North Half Southeast Quarter (N $\frac{1}{2}$  SE $\frac{1}{4}$ ); and Five (5) acres in the Northeast Corner of the Northeast Quarter of Southwest Quarter (NE $\frac{1}{4}$  SW $\frac{1}{4}$ ); and

Begin at the Southwest Corner of Southwest Quarter of Northeast Quarter (SW $\frac{1}{4}$  NE $\frac{1}{4}$ ) and run East 660 feet; run thence north 660 feet; run thence West 1320 feet; run thence South 660 feet; run thence East 660 feet to point of beginning; containing 20.00 acres, more or less in the Southwest Corner of Southwest Quarter of Northeast Quarter (SW $\frac{1}{4}$  NE $\frac{1}{4}$ ) and the Southeast Corner of Southeast Quarter of Northwest Quarter (SE $\frac{1}{4}$  NW $\frac{1}{4}$ ); and

Begin at the Southwest Corner of Southwest Quarter of Northeast Quarter (SW $\frac{1}{4}$  NE $\frac{1}{4}$ ) and run East 660 feet to the Southwest Corner of Southeast Quarter of Southwest Quarter of Northeast Quarter (SE $\frac{1}{4}$  SW $\frac{1}{4}$  NE $\frac{1}{4}$ ) to the Point of Beginning; run thence East 141 feet; run thence North to the center of an asphalt public road; run thence in a Northwesterly direction on and along the center of said road to an intersection with the West line of said Southeast Quarter of Southwest Quarter of Northeast Quarter (SE $\frac{1}{4}$  SW $\frac{1}{4}$  NE $\frac{1}{4}$ ); run thence South to Point of Beginning; containing 0.85 acres, more or less; and

Five (5) acres in the Southeast Corner of Southwest Quarter of Northeast Quarter (SW $\frac{1}{4}$ NE $\frac{1}{4}$ ), more particularly described as: Begin at the Southeast Corner of the Southwest Quarter of Northeast Quarter (SW $\frac{1}{4}$  NE $\frac{1}{4}$ ), thence run North 140 yards, thence run West 175 yards, thence run South 140 yards, thence run East 175 yards, lying and being situated in the Southwest Quarter of Northeast Quarter (SW $\frac{1}{4}$  NE $\frac{1}{4}$ ); and Southeast Quarter of Northeast Quarter (SE $\frac{1}{4}$  NE $\frac{1}{4}$ ).

The above described lands are situated in Section 5, Township 10 North, Range 13 West, Smith County, Mississippi and contain 245.99 acres, more or less.

**"Bean Lands":**

Township 10 North, Range 13 West

Section 5: The East Half of the Northwest Quarter of the Southwest Quarter (E  $\frac{1}{2}$  of NW  $\frac{1}{4}$  of SW  $\frac{1}{4}$ ); the Northeast Quarter of the Southwest Quarter (NE  $\frac{1}{4}$  of SW $\frac{1}{4}$ ) less and except the northeast five (5) acres; the West 17 acres of the Southeast Quarter of the Southwest Quarter (SE  $\frac{1}{4}$  of SW  $\frac{1}{4}$ ); and the Southwest Quarter of the Southwest Quarter (SW  $\frac{1}{4}$  of SW  $\frac{1}{4}$ ); and the South half of South half of Southeast Quarter (S  $\frac{1}{2}$  of S  $\frac{1}{2}$  of SE  $\frac{1}{4}$ ).

Section 6: The South Half of the Southeast Quarter of the Southeast Quarter (S  $\frac{1}{2}$  of SE  $\frac{1}{4}$  of SE  $\frac{1}{4}$ ).

Section 7: The East Half of the Northeast Quarter of the Northeast Quarter (E  $\frac{1}{2}$  of NE  $\frac{1}{4}$  of NE  $\frac{1}{4}$ ).

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Section 8: The Northwest Quarter (NW ¼), and the Northwest eight (8) acres of the Northwest Quarter of the Northeast Quarter (NW ¼ of NE ¼).

Containing in the aggregate 385.4 acres, more or less in Sections 5, 6, 7 and 8, all in Township 10 North, Range 13 West, Smith County, Mississippi.

**Rule No. 1:**

Except as otherwise provided for herein, one or more underground storage caverns may be solution mined, created, developed, constructed, utilized, operated and maintained in the field pursuant to an order and permit of the Board issued pursuant to Miss. Code Ann. Sections 53-3-151 et seq., and Statewide Rules 4 and 64, after notice and hearing. These Special Field Rules are in addition to the requirements of Statewide Rule 64.

**Rule No. 2:**

“Common Boundary” means and refers to that certain boundary line that is depicted on Exhibit 1 hereto as “Common Boundary” and which, solely for purposes of these rules, is deemed to be the boundary line between the Bean Lands and the Leaf River Lands above described.

**Rule No. 3:**

Each underground storage cavern that is located in the field shall be solution mined, created, developed, constructed, utilized, operated and maintained in a manner and configuration such that no part of the walls of the cavern shall ever be closer to the Common Boundary than a distance equal to the maximum diameter of the said cavern, provided that said distance from the Common Boundary shall never be less than the minimum distances required in Statewide Rule 64.

**Rule No. 4:**

For purposes of complying with Rule No. 3 herein, and with Statewide Rule 64.8 & 9, the operator of each underground storage cavern shall verify, measure and record the location of the walls of the cavern and the volume and capacity thereof by a sonar survey performed by an independent third party (being any sonar survey company a majority of which is not owned by the cavern operator) prior to utilizing the cavern for any storage. Prior to initially utilizing the cavern for any storage, and then upon conclusion of any expansion, smuggling, and/or compensated storage (using water to displace natural gas in storage) operation, a sonar survey shall be performed, the results of which shall be filed with the Board and provided to each other operator in the field and to each record title owner of salt dome storage rights in lands located along either side of the Common Boundary. Any operator or record title owner who questions or disputes the accuracy of that data shall have fifteen (15) days from its receipt of the said data in which to request, at its sole cost, the performance of another sonar survey. In that event, the requested sonar survey shall be performed as soon as possible, and the results of which shall be provided to the Board, to each operator in the field, and to each such record title owner. If by a sonar survey, the cavern walls are shown to be in substantial compliance with Rule 3 above, the cavern may be used for storage notwithstanding the second sonar survey; provided, however, any remaining questions or disputes regarding the location of the walls of the cavern shall be resolved by the Board, after notice and hearing thereon.

**-End of Special Field Rules-**

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10N 13W

Bean Res.  
1-Ishee 5-1  
12977 TD  
20272

SMITH

JASPER

Gulf Ref Co  
1-Dykes J F  
1835 TD  
00110

6

5

4

Exploro Corp  
L S Trest 1  
2131 TD  
00105

Exploro Corp  
W R Ishee 1  
1933 TD  
00105

Exploro Corp  
H D Stringer 1  
1730 TD  
00271

Exploro Corp  
1- Ford O K  
1822 TD  
00104

SONAT  
1- Clayton Trust  
8140 TD  
20334

7

8

9

Gulf Ref Co  
1- Foley O P  
6340 TD  
00259

Lone Star Prod  
1- Stone H E  
12920 TD  
00135

Gulf Ref Co  
1- King E G  
8502 TD  
00125

**BEAN RESOURCES, INC.**

**NEW HOME DOME**

SMITH COUNTY, MISSISSIPPI

**PROPERTY MAP**

Bean Lease

Leaf River Field

Common Boundry

1" = 1000'

**EXHIBIT**

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*[Signature]*  
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