

APR 29 2014

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

**IN RE: PETITION OF LEAF RIVER ENERGY CENTER, LLC, TO
AMEND THE SPECIAL FIELD RULES FOR NEW HOME
SALT DOME GAS STORAGE FIELD, SMITH COUNTY,
MISSISSIPPI**

**DOCKET NO. 134-2014-D
ORDER NO. 188-2014**

ORDER

This day this matter came on for hearing before the State Oil and Gas Board at its regular April 16, 2014, hearing on the Petition of Leaf River Energy Center, LLC, ("LREC") for approval to amend the special field rules for the New Home Salt Dome Gas Storage Field, Smith County, Mississippi.

WHEREAS, a public hearing was held by said Board in the hearing room, 500 Greymont Avenue, Suite E, Jackson, Mississippi, commencing on April 16, 2014, at which time all persons present who desired to be heard on said matter were heard. All testimony, evidence and argument of counsel, including that of Contestant, James R. Ford, and including comments of John D. Graham, were duly considered at said meeting; and

WHEREAS, the Board finds that due, proper and legal notice of the meeting of this Board for the purpose of considering and taking action with respect to such matter 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 this docket; and

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

1. The special field rules for the New Home Salt Dome Gas Storage Field were established by Order No. 129-2008 filed for record April 9, 2008, in Docket No. 524-2007-938 covering following described lands in Smith County, Mississippi:

Section 5, Township 10 North, Range 13 West:

East Half of Northwest Quarter of Southwest Quarter (E1/2 NW1/4 SW1/4); and South Half of Southwest Quarter (S1/2 SW1/4); and the Northeast Quarter of Southwest Quarter (NE1/4 SW1/4); and the Southeast Quarter (SE1/4); and Begin at the Southwest Corner of Southwest Quarter of Northeast Quarter (SW1/4 NE1/4) 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 (SW1/4 NE1/4) and the Southeast Corner of Southeast Quarter of Northwest Quarter (SE1/4 NW1/4); and Begin at the Southwest Corner of Southwest Quarter of Northeast Quarter (SW1/4

NE1/4) and run East 660 feet to the Southwest Corner of Southeast Quarter of Southwest Quarter of Northeast Quarter (SE1/4 SW1/4 NE1/4) 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 (SE1/4 SW1/4 NE1/4); 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 (SW1/4 NE1/4), more particularly described as: Begin at the Southeast Corner of the Southwest Quarter of Northeast Quarter (SW1/4 NE1/4), 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 (SW1/4 NE1/4); and Southeast Quarter of Northeast Quarter (SE1/4 NE1/4); AND

Section 6, Township 10 North, Range 13 West:

South Half of Southeast Quarter of Southeast Quarter (S1/2 SE1/4 SE1/4); AND

Section 7, Township 10 North, Range 13 West:

East Half of Northeast Quarter of Northeast Quarter (E1/2 NE1/4 NE1/4); AND

Section 8, Township 10 North, Range 13 West:

Northwest Quarter (NW1/4); and Northwest eight (8) acres of Northwest Quarter of Northeast Quarter (NW1/4 NE1/4).

2. Order No. 129-2008 was an agreed final order settling the contested Docket 524-2007-938 between Leaf River Energy Center, LLC (Petitioner) on one hand and Earth Station Communications, LLC/Bean Resources, Inc. (Contestants) on the other hand. The New Home Salt Dome Gas Storage Field was divided into two areas being the "Leaf River Lands" and the "Bean Lands" and a "Common Boundary" was established between the two areas. Field rules were promulgated that established the manner in which operations were to be conducted in the two areas and in relation to the Common Boundary.

3. Since Order No. 129-2008 was entered, Leaf River Energy Center, LLC has acquired the rights to conduct storage operations on the Bean Lands formerly owned by Earth Station Communications, LLC/Bean Resources, Inc. There no longer exists any reason for the Common Boundary in the special field rules established for New Home Salt Dome Gas Storage Field and said rules insofar as they concern the Common Boundary impede the development of said field for the construction of natural gas storage caverns.

4. The amendment of the special field rules will prevent waste, will protect the coequal and correlative rights of all owners in the field and area, and will afford the Petitioner the opportunity to utilize the New Home Salt Dome for the purposes allowed by the applicable

statutes and rules, thereby serving the public interest.

5. Leaf River Energy Center, LLC, by virtue of a series of lease and deeds, owns the rights to develop gas storage caverns in New Home Salt Dome Gas Storage Field and the setback requirements of Statewide Rule 64 should be applied to the Field as a whole and not to internal boundaries of the Petitioner's various leases and deeds.

6. The special field rules of New Home Salt Dome Gas Storage Field should be amended as set forth in Exhibit "A" attached hereto.

7. Leaf River Energy Center, LLC is the only Operator in New Home Salt Dome Gas Storage Field and no personal notice is required for this docket.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the Board that the special field rules for the New Home Salt Dome Gas Storage Field, Smith County, Mississippi, are amended as set forth in Exhibit "A" hereof.

IT IS FURTHER ORDERED AND ADJUDGED that Petitioner shall acquire all other permits, if any, from any other permitting authority.

IT IS FURTHER ORDERED AND ADJUDGED that this order shall be in force and effect from and after April 16, 2014.

SO ORDERED AND ADJUDGED this the 16th day of April 2014.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By: 

CARROLL V. HOOD, Chairman

OF COUNSEL:

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**ATTORNEY FOR PETITIONER,
LEAF RIVER ENERGY CENTER, LLC**

EXHIBIT "A"

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

Geographical Area:

Section 5, Township 10 North, Range 13 West:

East Half of Northwest Quarter of Southwest Quarter (E1/2 NW1/4 SW1/4); and South Half of Southwest Quarter (S1/2 SW1/4); and the Northeast Quarter of Southwest Quarter (NE1/4 SW1/4); and the Southeast Quarter (SE1/4); and Begin at the Southwest Corner of Southwest Quarter of Northeast Quarter (SW1/4 NE1/4) 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 (SW1/4 NE1/4) and the Southeast Corner of Southeast Quarter of Northwest Quarter (SE1/4 NW1/4); and Begin at the Southwest Corner of Southwest Quarter of Northeast Quarter (SW1/4 NE1/4) and run East 660 feet to the Southwest Corner of Southeast Quarter of Southwest Quarter of Northeast Quarter (SE1/4 SW1/4 NE1/4) 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 (SE1/4 SW1/4 NE1/4); 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 (SW1/4 NE1/4), more particularly described as: Begin at the Southeast Corner of the Southwest Quarter of Northeast Quarter (SW1/4 NE1/4), 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 (SW1/4 NE1/4); and Southeast Quarter of Northeast Quarter (SE1/4 NE1/4); AND

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Section 8, Township 10 North, Range 13 West:

Northwest Quarter (NW1/4); and Northwest eight (8) acres of Northwest Quarter of Northeast Quarter (NW1/4 NE1/4).

Rule No. 1:

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.

Rule No. 2:

The term "property boundary" in Statewide Rule 64.10 shall mean the Geographic Area above and shall not mean the Operator's internal lease and deed boundaries.

Rule No. 3:

The operator of the field is authorized to use for injection, storage and/or withdrawal of natural gas any wells drilled the field.

Rule No. 4:

The creation, development, operation and maintenance of the field shall be subject to applicable Statewide Rules.

-End of Special Field Rules-