

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF SG RESOURCES MISSISSIPPI, LLC  
FOR AUTHORITY TO CREATE THE  
SOUTHERN PINES GAS STORAGE FIELD,  
GREENE COUNTY, MISSISSIPPI FOR THE  
INJECTION, STORAGE, AND WITHDRAWAL  
OF NATURAL GAS, AND FOR THE ADOPTION  
OF SPECIAL FIELD RULES FOR THE  
SOUTHERN PINES GAS STORAGE FIELD  
TO PROVIDE FOR THE OPERATION OF  
THE FIELD, GREENE COUNTY, MISSISSIPPI

FILED FOR RECORD

APR 01 2002

STATE OIL AND GAS BOARD  
WALTER BOONE, SUPERVISOR

DOCKET NO. 50-2002-876

ORDER NO. 85-2002

ORDER

THIS CAUSE came to be heard on the Petition of SG Resources Mississippi, LLC ("Petitioner") requesting authority to use the Byrd Salt Dome in Greene County, Mississippi for the injection, storage and withdrawal of natural gas, and for the adoption of Special Field Rules for said Field, to provide for the operation of such gas storage facility and to be designated the Operator of said Southern Pines Gas Storage Field located in Greene 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 March 20, 2002, 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 qualified to do business in the State of Mississippi and was created for the purpose of owning, developing, operating and using salt domes for the storage of natural gas or compressed gas, as an appliance or appurtenance in connection with the conveying, transmission, or distribution of natural gas or compressed gas as well as building or constructing pipelines and appliances for the conveying and distribution of gas and other gaseous substances as provided for, and pursuant to, Miss. Code Ann. § 53-3-151 et seq. and Miss. Code Ann. § 11-27-47 et seq.

2.

Petitioner plans to create a new salt dome cavern natural gas storage facility in the Byrd Salt dome lying within and underlying the following described property, to-wit:

**TOWNSHIP 3 NORTH, RANGE 7 WEST**  
**GREENE COUNTY, MISSISSIPPI**

Section 16: The SW $\frac{1}{4}$  of the NW $\frac{1}{4}$  and the NW $\frac{1}{4}$  of the SW $\frac{1}{4}$  .

3.

Petitioner owns the surface interest in the property and a majority interest in the underground stratum or formation have consented to such use in writing.

4.

The Byrd Salt Dome is a natural salt dome in Greene County, Mississippi. The storage caverns will be man made, specifically engineered for natural gas storage at a depth of approximately 3,900 to 5,700 feet below the surface. The caverns will be created by carefully dissolving underground salt so that an open underground cavern is formed. The remaining salt will act as an impermeable barrier that holds the gas in place until it is needed. The brine water created during the solution mining process will be brought to the surface before being reinjected in saltwater disposal wells which will be individually permitted.

5.

The storage interval is salt and contains no native gas and is not an oil reservoir

capable of production. The salt stratum which is the storage interval sought to be used as a reservoir for the injection, storage, and withdrawal of natural gas is suitable and feasible for such use and in the public interest, and is not an oil reservoir capable of commercial production. Use of the underground stratum as a storage reservoir for the storage of natural gas or compressed air will not contaminate other formations containing freshwater, oil, gas or other commercial mining deposits. The proposed storage will not endanger lives or property.

6.

Listed below are the Special Field Rules which the Board finds should be adopted for the Southern Pines Gas Storage Field, Greene County, Mississippi as defined herein. The adoption of such Special Field Rules will prevent waste, protect the co-equal and correlative rights of all owners in the area and will afford Petitioner the opportunity to utilize the Byrd Salt dome for the benefit of the gas consuming public, thereby serving the public interest. The procedures authorized by said Special Field Rules will adequately protect all freshwater bearing zones and any and all other oil and/or gas bearing sands in the area, and will not endanger life and/or property.

**IT IS, THEREFORE, ORDERED AND ADJUDGED** by the State Oil and Gas Board of Mississippi Petitioner is hereby granted authority under Miss. Code Ann. § 53-3-151 et seq. and Miss. Code Ann. § 11-27-47 et seq. to use the Byrd Salt Dome in Greene County, Mississippi for the injection, storage and withdrawal of natural gas, to provide for the operation of such gas storage facility. Petitioner is hereby designated as the Operator of said Southern Pines Gas Storage Field located in Greene County, Mississippi, and the Special Field Rules for said Field are hereby adopted as follows:

**SPECIAL FIELD RULES  
SOUTHERN PINES GAS STORAGE FIELD  
GREENE COUNTY, MISSISSIPPI**

A. The Southern Pines Gas Storage Field, as used herein, is that area described as:

**TOWNSHIP 3 NORTH, RANGE 7 WEST**

**GREENE COUNTY, MISSISSIPPI**

Section 16: The SW<sup>1</sup>/<sub>4</sub> of the NW<sup>1</sup>/<sub>4</sub> and the NW<sup>1</sup>/<sub>4</sub> of the SW<sup>1</sup>/<sub>4</sub>

being underlain by the hereinafter described Salt Dome.

B. The Storage Interval, as used herein, shall be construed to mean that portion of the Byrd Salt Dome in Section 16, Township 3 North, Range 7 West, Greene County, Mississippi in which caverns are capable of being constructed to store natural gas.

C. "Gas" as used herein, shall mean natural gas of sufficient purity to meet pipeline quality specifications.

D. SG Resources Mississippi, LLC is hereby designated the Operator of the Southern Pines Gas Storage Field, Greene County, Mississippi.

**Rule No. 1:**

Caverns may be created and utilized in the operation of the Southern Pines Gas Storage Field upon permit being issued for such well pursuant to Rule 4(b) and Rule 64 of the Statewide Rules and Regulations.

**Rule No. 2:**

No well shall be drilled into the Byrd Salt Dome except upon notice and hearing before the Mississippi State Oil and Gas Board, as provided in Statewide Rule 64.

**Rule No. 3:**

The Operator is authorized to use for injection and/or withdrawal purposes any wells drilled in the Southern Pines Gas Storage Field.

**Rule No. 4:**

The development, operation and maintenance of the Southern Pines Gas Storage Field shall be subject to the provisions of the Statewide Rules and Regulations, including, but not limited to Rules 4(b) and (c) and Rule 64.

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

**IT IS FURTHER ORDERED AND ADJUDGED** that this Order shall be in force and effect from and after March 20, 2002.

**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 28<sup>th</sup> day of March, 2002.

**STATE OIL AND GAS BOARD OF  
MISSISSIPPI**

  
\_\_\_\_\_  
JOSEPH S. ZUCCARO  
CHAIRMAN

**Prepared By:**

William F. Blair  
Blair & Bondurant, P.A.  
3900 Lakeland Drive, Suite 400 (Zip -- 39208)  
Post Office Drawer 5399  
Jackson, Mississippi 39296  
Telephone: (601) 936-9080  
Telecopier: (601) 936-6159