

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF EOG RESOURCES, INC. TO AMEND THE SPECIAL FIELD RULES TO ALLOW FOUR INCREASED DENSITY WELLS IN THE UPPER SLIGO GAS POOL AND THE HOSSTON-LOWER SLIGO GAS POOL IN EACH INDIVIDUAL UNIT FOR THE SOUTH WILLIAMSBURG FIELD, COVINGTON AND JEFFERSON DAVIS COUNTIES, MISSISSIPPI

FILED FOR RECORD

JUN 13 2006

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 87-2006-352

ORDER NO. 234-2006

ORDER

THIS CAUSE came to be heard on the Petition of EOG Resources, Inc. ("Petitioner") requesting the Board to amend the Special Field Rules for the South Williamsburg Field in Covington and Jefferson Davis Counties, 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 May, 17, 2006, 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 the Field. The Special Field Rules for the Field were last adopted or amended in this Field in Docket No. 153-2002-352, Order No. 231-2002.

2.

Petitioner seeks authority to allow up to four increased density wells in the Upper Sligo Gas Pool (the "Upper Pool") and the Lower Sligo - Upper Hosston Gas Pool (the "Lower Pool") for each unit. Petitioner also seeks to add a new pool and to change the name

and definition of the Lower Pool.

3.

The Upper Pool is defined as those strata productive of gas within the interval between 14,453 feet to 14,700 feet as shown on the dual-induction log of the Skelly Oil Company, et al No. 1 Eunice Odum Well and all intervals correlative to or connected with the strata. The Lower Sligo - Upper Hosston Gas Pool is defined as those strata productive of gas within the interval between 14,700 feet to 15,365 feet as shown in the same well. The Lower Hosston is defined as that interval from 15,365 feet to 17,664 feet in the same well.

4.

The Upper Pool is approximately 250 feet thick with variances due to paleotopographic position. Several porosity zones of interest are correlatable through the Field Area.

5.

The Lower Sligo - Upper Hosston Gas Pool is approximately 1,600 feet thick with the same type variances. There are several porosity zones of interest correlatable over the entire field.

6.

In the last several years, Petitioner has drilled ten (10) wells in this Field, all of which have penetrated the Upper Gas Pool and a portion of the Lower Gas Pools. These wells have proven that the pools only drain limited areas and increased density wells are necessary to recover additional gas which would not be recovered by the existing wells. Therefore, for engineering reasons, Petitioner's request for an amendment to the Special Field Rules to allow up to four increased density wells in the Upper and Lower Pools for each unit should be granted. The increased density wells are the best possible manner to produce additional gas to protect the co-equal and correlative rights of all owners in the common source or supply.

7.

The wells Petitioner has drilled generally exhibit low permeability and require fracture stimulation before they will produce. The permeability is usually less than 2 md and the wells appear to drain from a small area due to this extreme lack of permeability. Furthermore, the porosity zones appear to come and go throughout the Field and are, in many cases, not interconnected so that drainage areas are small.

8.

The amendment to the Special Field Rules as set forth below will promote conservation, protect the co-equal and correlative rights of all owners of all owners in interest, avoid the drilling of unnecessary wells and permit oil and gas to be produced which would not otherwise be recoverable.

9.

In addition to the increased density request herein, Petitioner seeks to enlarge the field designation to include the following:

Field Limits:

The South Williamsburg Field as used herein is defined as that area consisting of:

Township 7 North, Range 16 West
Covington and Jefferson Davis Counties, Mississippi

Section 7: All
Section 8: All
Section 9: All
Section 10: All
Section 15: All
Section 16: All
Section 17: All
Section 18: All
Section 19: E½
Section 20: All
Section 21: All
Section 22: All
Section 23: All
Section 25: The W½ of the W½
Section 26: All
Section 27: All
Section 28: All
Section 29: All
Section 33: All
Section 34: All

Township 6 North, Range 16 West
Covington and Jefferson Davis Counties, Mississippi

Section 3: All
Section 4: All

underlain by the Upper Sligo Gas Pool, the Lower Sligo - Upper Hosston Gas Pool, or the Lower Hosston Gas Pool and all productive extensions thereof.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the Special Field Rules for the South Williamsburg Field shall be and hereby are amended as follows:

**SPECIAL FIELD RULES OF
THE SOUTH WILLIAMSBURG FIELD
COVINGTON AND JEFFERSON DAVIS COUNTIES, MISSISSIPPI**

A. Field Limits:

The South Williamsburg Field as used herein is defined as that area consisting of:

Township 7 North, Range 16 West
Covington and Jefferson Davis Counties, Mississippi

Section 7:	All
Section 8:	All
Section 9:	All
Section 10:	All
Section 15:	All
Section 16:	All
Section 17:	All
Section 18:	All
Section 19:	E½
Section 20:	All
Section 21:	All
Section 22:	All
Section 23:	All
Section 25:	The W½ of the W½
Section 26:	All
Section 27:	All
Section 28:	All
Section 29:	All
Section 33:	All
Section 34:	All

Township 6 North, Range 16 West
Covington and Jefferson Davis Counties, Mississippi

Section 3:	All
Section 4:	All

B. Pool Definitions:

1. The Upper Sligo Gas Pool is defined as those strata productive of gas within the interval between 14,453 feet to 14,700 feet as shown in the Dual-Induction Log of the Skelly Oil Company, et al No. 1 Eunice Odum Well located 694 feet from the South line and 2,052 feet from the East line of Section 21, Township 7 North, Range 16 West, Covington County, Mississippi, and all intervals correlative to or connected with these strata.

2. The Lower Sligo - Upper Hosston Gas Pool is defined at those strata productive of gas within the interval between 14,700 feet to 15,365 feet as shown in the Dual-Induction Log of the Skelly Oil Company, et al No. 1 Eunice Odum Well located 694 feet from the South line and 2,052 feet from the East line of Section 21, Township 7 North, Range 16 West, Covington County, Mississippi, and all intervals correlative to or connected with these strata.

3. The Lower Hosston Gas Pool is defined at those strata productive of gas within the interval between 15,365 feet to 17,664 feet as shown in the Dual-Induction Log of the Skelly Oil Company, et al No. 1 Eunice Odum Well located 694 feet from the South line and 2,052 feet from the East line of Section 21, Township 7 North, Range 16 West, Covington County, Mississippi, and all intervals correlative to or connected with these strata.

C. Rules:

Rule 1 - Spacing of Wells:

1. Every well completed in the Upper Sligo Gas Pool:
 - a. Shall be located on a drilling unit consisting of 640 contiguous surface acres, or a government section containing not less than 600 acres not more or less than 680 acres, upon which no other drilling or producible well is located;
 - b. Any gas drilling unit not a governmental section must be completely encompassed by the perimeter of a rectangle 5,580 feet by 6,245 feet; provided, however, no unit shall be permitted which will create island acreage;
 - c. The Well shall be located at least 1,000 feet from every other drilling or producible well completed in the same pool located in conformity with this rule;
 - d. The Well shall be located not less than 750 feet from every exterior boundary of the unit; and
 - e. Each 640 acre gas unit may contain up to four (4) producing wells from the Upper Sligo Gas Pool with a full allowable for each increased density well.
2. Every Well completed as a Gas Well in the Lower Sligo - Upper Hosston Gas Pool:
 - a. Shall be located on a drilling unit consisting of 640 contiguous surface acres, or a government section containing not less than 600 acres not more or less than 680 acres, upon which no other drilling or producible well is located;
 - b. Any gas drilling unit not a governmental section must be completely encompassed by the perimeter of a rectangle 5,580 feet by 6,245 feet; provided, however, no unit shall be permitted which will create island acreage;
 - c. The Well shall be located at least 1,000 feet from every other drilling or producible well completed in the same pool located in conformity with this rule;
 - d. The Well shall be located not less than 750 feet from every exterior boundary of the unit; and
 - e. Each 640 acre gas unit may contain up to four (4) producing wells from the Lower Sligo - Upper Hosston Gas Pool with a full allowable for each increased density well.

Rule 2 - Applicability of Statewide Rules:

1. All rules and regulations contained in Statewide Order No. 201-51 and all amendments thereto, not specifically covered in the foregoing Special Field Rules are hereby adopted and shall apply to said Field.
2. The Board expressly reserves the right after notice and hearing to alter, amend, or repeal any and all of the foregoing rules and regulations.

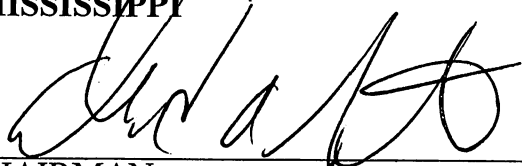
****** End of Special Field Rules ******

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after May 17, 2006.

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 13th day of June, 2006.

STATE OIL AND GAS BOARD OF
MISSISSIPPI



CHAIRMAN

Prepared By:

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