

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF EOG RESOURCES, INC. TO ADOPT SPECIAL FIELD RULES TO DEFINE THE BELLE BOYD FIELD WITH THE BELKNAP 18-3 AS THE DISCOVERY WELL, TO DEFINE GAS POOLS AND TO PROVIDE FOR INCREASED DENSITY DRILLING IN THE BELLE BOYD FIELD, HINDS COUNTY, MISSISSIPPI

FILED FOR RECORD

FEB 26 2009

**STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR**

DOCKET NO. 43-2009-953

ORDER NO. 83-2009

FINAL ORDER

THIS CAUSE came to be heard on the Petition of EOG Resources, Inc. ("Petitioner") requesting the Board for a Final Order to adopt the Special Field Rules for the Belle Boyd Field in Hinds 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, a public hearing was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on February 18, 2009, at 10:00 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 a current operator in this new Field. Petitioner just drilled and plans to complete a well known as the Belknap 18-3 No. 1 Well ("the Well"). Since it is a new Field, no Special Field Rules exist. Petitioner requests that the Board name this Field the Belle Boyd Field ("the Field") with the Belknap 18-3 defined as the discovery well.

2.

Petitioner seeks authority to define the Rodessa and Hosston Gas Pools in the Field. The Rodessa Gas Pool ("the Rodessa Pool") is being defined herein as those strata productive of gas within the interval of 11,890 feet to 12,420 feet as shown on the dual

induction log of the Well and all intervals correlative thereto. The Hosston Gas Pool (“the Hosston Pool”) is being defined as those strata productive of gas within the interval of 13,010 feet to 15,930 feet as shown on the dual induction log of the Well and all intervals correlative thereto.

3.

Petitioner has just drilled the Well in this Field and the Pools need to be defined. The Well has not yet been tested. The Well has proven that the pools only drain limited areas and increased density wells are also necessary to recover additional gas which would not be recovered by the existing Well. Therefore, for engineering reasons, the Special Field Rules should allow up to two increased density wells in each of the Pools for each unit. 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.

4.

The Well exhibits low permeability and required fracture stimulation before it would produce in economic quantities. The permeability is low 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.

5.

The adoption of the Special Field Rules promotes conservation, protects the co-equal and correlative rights of all owners of all owners in interest, avoids the drilling of unnecessary wells and permits oil and gas to be produced which would not otherwise be recoverable.

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

**SPECIAL FIELD RULES OF
THE BELLE BOYD FIELD
HINDS COUNTY, MISSISSIPPI**

A. **Field Limits:**

The Belle Boyd Field, as used herein, is defined as that area consisting of:

**Township 5 North, Range 3 West
Hinds County, Mississippi**

Section 17: All
Section 18: All

Township 5 North, Range 4 West
Hinds County, Mississippi

Section 12: All
Section 13: All

underlain by the Rodessa Gas Pool and the Hosston Gas Pool, as hereinafter defined, and all productive extensions thereof. The discovery well is the EOG Resources - Belknap 18-3.

I. The Rodessa Gas Pool in the Field shall be defined to mean those strata of the Rodessa Formation productive of gas in the interval between the depths of 11,890 feet to 12,420 feet encountered in the EOG Resources, Inc. - Belknap 18-3 No. 1, as indicated on the electric log of said well, said well being located 804 feet from the North line and 1,863 feet from the West line of Section 18, Township 5 North, Range 3 West, Hinds County, Mississippi.

II. The Hosston Gas Pool in the Field shall be defined to mean those strata of the Hosston Formation productive of gas in the interval between the depths of 13,010 feet to 15,930 feet encountered in the EOG Resources, Inc. - Belknap 18-3 No. 1, as indicated on the electric log of said well, said well being located 804 feet from the North line and 1,863 feet from the West line of Section 18, Township 5 North, Range 3 West, Hinds County, Mississippi.

RULE 1 - SPACING OF WELLS:

A. As to the Rodessa Gas Pool, every well drilled as a gas well:

- (1) Shall be located on a drilling unit consisting of (1) 640 contiguous surface acres; or (2) a governmental section containing not less than 600 acres or more than 680 acres; or (3) sixteen (16) contiguous governmental quarter-quarter sections whose total acreage is not less than 600 acres or more than 680 acres. In any case, no other well producing from the same pool shall be located on any such unit.
- (2) Any gas drilling unit formed under Section 1(a) of this rule 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.
- (3) The well shall be located at least 1,000 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule; and
- (4) The well shall be located not less than 1,500 feet from every exterior boundary of the drilling unit.
- (5) Each 640 acre gas unit may contain up to two (2) producing wells from the Rodessa Gas Pool with a full allowable for each increased density well.

B. Every Well completed as a Gas Well in the Hosston Gas Pool:

- (1) 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;
- (2) 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;
- (3) 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;

- (4) The Well shall be located not less than 1,500 feet from every exterior boundary of the unit; and
- (5) Each 640 acre gas unit may contain up to two (2) producing wells from the Hosston Gas Pool with a full allowable for each increased density well.

RULE 2 - APPLICABILITY OF STATEWIDE RULES:

A. All rules and regulations contained in Statewide Order No. 201-51, and any amendments thereto, not specifically covered by the foregoing Special Field Rules are hereby adopted and shall apply to said Field.

B. 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 February 18, 2009.

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 26th day of February, 2009.

**STATE OIL AND GAS BOARD OF
MISSISSIPPI**



CHAIRMAN

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