

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF PIONEER NATURAL RESOURCES USA, INC. TO AMEND SPECIAL FIELD RULES FOR BOLTON FIELD IN HINDS COUNTY, MISSISSIPPI, TO DEFINE THE LOWER COTTON VALLEY GAS POOL

FILED FOR RECORD

SEP - 3 2008

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO.: 345-2008-77

ORDER NO.: 514-2008

ORDER

THIS CAUSE came on for hearing on the Petition of Pioneer Natural Resources USA, Inc. requesting the Board to amend the Special Rules for the Bolton Field (the "Field") in Hinds County, Mississippi. The Board having considered the Petition and the Affidavits filed in support of the Petition finds as follows:

I.

Petitioner is the current operator of the Mellon 18 No. 1 Gas Well on a unit comprising the entire Section 18, Township 6 North, Range 2 West; and current operator of the Mashburn 19 No. 1 Gas Well on a unit comprising the entire Section 19, Township 6 North, Range 2 West, both in the Bolton Field, Hinds County, Mississippi.

II.

The Special Field Rules for the Bolton Field were last adopted and amended in Docket 353-2006-77, pursuant to Order No. 564-2006, entered October 30, 2006. This particular Order authorized the drilling of increased density wells in the Middle Cotton Valley Gas Pool and did not otherwise amend or alter any of the pool definitions. Prior to that, the Special Field Rules were last adopted or amended in 1987, pursuant to Order No. 346-87 in Docket No. 217-87-77.

III.

Pursuant to Permit 2007-OPD135, issued October 18, 2006, Pioneer drilled its Mashburn 19 No. 1 Gas Well at a location 2401 feet from the East line and 465 feet from the North line of Section 19, Township 6 North, Range 2 West. The Well was spudded on February 23, 2007, reached total depth 17,618 feet on May 8, 2007 with first production on

or about August 1, 2007. The Form 3 Completion Report reflects that the Well would produce from the Lower Cotton Valley Gas Pool.

IV.

Pursuant to Permit No. 2007-OPD058 issued August 16, 2006, Pioneer drilled its Mellon 18 No. 1 Gas Well at a surface location of 1323 feet from the West line and 1482 feet from the South line of Section 18, Township 6 North, Range 2 West, with a resulting bottom-hole location 1,402 feet from the South Line and 1,326 feet from the West Line of the unit. The Well was spudded on August 21, 2006, reached total depth on January 15, 2007, with first production on or about July 15, 2007, from what was believed to be the Lower Cotton Valley Gas Pool.

V.

As a result of operations in both the Mellon and Mashburn Wells, potential reserves were found in both the Middle and Lower Cotton Valley Gas Pools, with perforations made in the Lower Cotton Valley Gas Pool, which has not been defined. At the present, neither well is producing from the Middle Cotton Valley Gas Pool. However, for reasons more fully set forth by separate petitions simultaneously filed in Docket Nos. 346-2008-77 and 347-2008-77, Petitioner believes it would be advisable to commingle production from both pools.

VI.

The Middle Cotton Valley Gas Pool and Lower Cotton Valley Gas Pool as defined by the Special Field Rules as amended are separate and distinct pools which are not in communication with any other producing zone in the Bolton Field. Petitioner is of the opinion that the current spacing pattern authorized by existing rules for the Middle Cotton Valley Gas Pool is appropriate for efficient draining of the Lower Cotton Valley Gas Pool, and will protect the co-equal and correlative rights of the owners in these proposed sands.

VII.

Amendment of the Special Field Rules as requested by Petitioner will promote conservation, protect the coequal and correlative rights of all owners and interests, avoid the drilling of unnecessary wells, and permit oil and gas to be produced which would not otherwise be recoverable.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Rules for the Bolton Field are hereby amended as set forth in Exhibit "A" attached hereto and incorporated herein by reference.

ORDERED AND ADJUDGED this 3rd day of September, 2008.

MISSISSIPPI STATE OIL & GAS BOARD

By:

A handwritten signature in black ink, appearing to read "D. A. H.", written over a horizontal line.

Chairman

Prepared by:

Stan T. Ingram, Esq.

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ATTORNEYS FOR PETITIONER

EXHIBIT "A"

**SPECIAL FIELD RULES
BOLTON FIELD
HINDS COUNTY, MISSISSIPPI**

A. Field Limits:

The Bolton Field, as used herein, covers those certain lands in Township 6 North, Range 2 West, and Township 6 North, Range 3 West, Hinds County, Mississippi, that are shown on the official map of Bolton Field, Hinds County, Mississippi, maintained and published by the State Oil & Gas Board of the State of Mississippi, and including all productive extensions thereof which are underlain by one or more of the following pools:

B. Pool Definitions:

1. The Paluxy Pool as used herein shall be construed to mean those strata productive of oil in the Paluxy Formation occurring between the depth of 8875 feet and 10,053 feet in Larco Drilling Company C.J. Mashburn #1 located in the center of the SW/4 of NE/4, Section 19, Township 6 North Range 2 West, Hinds County, Mississippi, or correlative of these strata in other wells to said interval (originally defined in Order No. 86-55).
2. The East Rodessa Pool as used herein shall be construed to mean those strata in the Lower Glen Rose Formation productive of oil occurring between the base of the Ferry Lake anhydrite at a depth of 10,416 feet and the top of the Pine Island shale at 11,015 feet, as indicated by the electric log of the Weston Drilling Company (Larco Drilling Company) – No. 2 Roberts Well, located in the center of the NE/4 of SW/4 of Section 18, Township 6 North, Range 2 West, Hinds County, Mississippi, and all strata correlative thereto productive of oil which are encountered on the high and East side of the main West dipping fault (originally defined in Order No. 86-55, and amended to the above in Order No. 216-57, and further amended by Order No. 94-58).
3. The Sligo Pool as used herein shall be construed to mean those strata in the Lower Glen Rose Formation productive of oil occurring between base of the Pine Island Shale at a depth of 11,400 feet and approximate top of the Hosston Formation to 11,613 feet as indicated by the electrical log of the Jett Drilling Co., Inc., et al – Roberts No. 2 Well, and all strata correlative thereto productive of oil (originally defined and added to Special Field Rules for Bolton Field, Hinds County, Mississippi, by Order No. 216-57).

C. Rules – As to Oil Wells:

1. All drilling units for all future oil wells shall be drilled in accordance with Statewide Rule 7, or any amendment thereto at the time the permit to so drill is requested.
2. All locations for all oil wells heretofore drilled into any pool defined in B.1 through B.6, either at a regular or exception location, are hereby approved.

D. Rules – As to Gas Wells:

1. Except as hereinafter proved, all drilling units for all future gas wells shall be drilled in accordance with Statewide Rule 8, or any amendment thereto at the time the permit to so drill is requested.
2. All locations for all gas wells heretofore drilled into the pool defined as B.7, whether at a regular or exception location, are hereby approved.
3. Every Well completed as a Gas Well in the Middle Cotton Valley Gas Pool in Sections 18 and 19, Township 6 North, Range 2 West:
 - a. Shall be located on a drilling unit consisting of 640 contiguous surface acres, or a governmental 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. 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;
 - c. The well shall be located not less than 1,500 feet from every exterior boundary of the unit; and
 - d. Each 640 acres gas unit may contain up to four (4) producing wells from the Middle Cotton Valley Gas Pool.

E. Applicability of Statewide Rules:

1. All rules and regulations of the State Oil and Gas Board of the State of Mississippi not specifically covered in the foregoing rules are hereby adopted and shall apply to said field.
2. The Board expressly reserves the right, after notice and hearing, to alter, grant exceptions, or repeal any or all of the foregoing rules and regulations as they apply to the above and foregoing mentioned pools.

4. The Mooringsport Pool, as used herein shall be construed to mean those strata productive of oil in Mooringsport formation between the base of the Paluxy formation at 10,064 feet and the top of the Ferry Lake Anhydrite at 10,460 feet in the Weston Drilling Company – Gaddis Farms No. 3, located 421 feet North and 372 feet East of the Southwest corner of the Southwest Quarter of the Northeast Quarter of Section 13, Township 6 North, Range 3 West, Hinds County, Mississippi, and all other oil productive strata correlative to this interval in other wells (originally defined in Order No. 253-56, and also in Order No. 103-57).
5. The Hosston Pool as used herein shall be construed to mean those strata in the Hosston Formation productive of oil occurring between the base of the Sligo Formation at a depth of 11,225 feet and 12,170 feet as indicated by the electrical log of the Weston Drilling Company Roberts No. 3-A Well located 330 feet North and 330 feet East of the Southwest corner of the NW/4 of SW/4 of Section 18, Township 6 North, Range 2 West, Hinds County, Mississippi, and all strata correlative thereto productive of oil (originally defined in Order No. 94-58).
6. The West Rodessa Pool as used herein shall be construed to mean those strata in the Lower Glen Rose Formation productive of oil occurring between the base of the Ferry Lake anhydrite at a depth of 10,598 feet and the top of the Pine Island shale at 11,250 feet, as indicated by the electric log of the Jett Drilling Co., Inc. et al – Roberts No. 2 Well, located 330 feet South of the North line and 330 feet West of the East line of the NE/4 of NE/4 of Section 24, Township 6 North, Range 3 West, Hinds County, Mississippi, and all strata correlative thereto productive of oil which are encountered on the low and West side of the main West dipping fault (originally defined in Order No. 94-58, erroneously shown as “E” therein).
7. The Middle Cotton Valley Gas Pool as used herein shall be construed to mean those strata productive of gas within the intervals of 14,750 to 16,300 feet as shown in the Dual-Induction log of the Chevron U.S.A., Inc. No. 1 C.J. Mashburn et al Well located 1700 feet South of North line and 1500 feet West of East line of Section 19 Township 6 North, Range 2 West, Hinds County, Mississippi, and all intervals correlative to or connected with these strata.
8. The Lower Cotton Valley Gas Pool as used herein shall be construed to mean those strata productive of gas within the intervals from 16,300 feet to 18,400 feet as shown in the Dual-Induction Log of the Rosson-Layman, et al Gaddis Farms 13-1 No. 1 Gas Well in Section 13, Township 6 North, Range 3 West, Hinds County, Mississippi, and all intervals correlative to or connected with these strata.

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