

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF BEAN RESOURCES, INC. TO ESTABLISH THE BOND SALT DOME GAS STORAGE FIELD, ADOPT SPECIAL FIELD RULES FOR THE FIELD, TO BE LOCATED IN SECTION 1, TOWNSHIP 9 NORTH, RANGE 18 WEST, SIMPSON COUNTY, MISSISSIPPI, AND OBTAIN RELATED RELIEF, BOND SALT DOME GAS STORAGE FIELD

FILED FOR RECORD

MAR 21 2007

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 88-2007-935

ORDER NO. 173-2007

ORDER

THIS MATTER came on to be heard at the regular February 2007 meeting of the State Oil & Gas Board on the Petition of **MISSISSIPPI HUB, LLC and BEAN RESOURCES, INC.**, Petitioners, requesting the Board to designate and name the Bond Salt Dome Gas Storage Field, grant Petitioners authority to use the Bond Salt Dome to create, develop and operate artificially formed solution mined underground storage caverns or cavities in dissolved salt beds in the said salt dome for the injection, storage, and withdrawal of volumes of natural gas; to drill, equip and operate wells to do so; and to adopt Special Field Rules for the said field, and grant related relief. Having considered the Petition, the evidence in support thereof, and being fully advised in the premises, the Board finds that the Petition is well-taken and should be granted. The Board also finds as follows:

1.

The Board has jurisdiction over the parties and the subject matter of the Petition. Due and legal notice of the hearing on the Petition has been given in the time and manner required by law and the rules and regulations of this Board.

2.

The Board finds that the Bond Salt Dome Gas Storage Field should be established and be comprised of the following described lands:

Beginning at a 1/2" rebar set by a fence corner marking the Northwest corner of Lot 2 of Section 1, Township 9 North, Range 18 West, Simpson County, Mississippi; run thence South 89 degrees 43' 06" East along the North line of said Section 1 for 1317.93 feet to a 1/2" rebar; thence South 00 degrees 30' 59" West along the East line of Lot 2 of said Section 1 for 1303.27 feet to a 3/4" pipe; thence North 89 degrees 46' 39" West for

2649.78 feet to a ½" rebar; thence North 00 degrees 48' 10" East along the West line of Lot 3 of said Section 1 for 1317.11 feet to a ½" rebar; thence South 89 degrees 14' 24" East along the North line of said Section 1 for 1325.25 feet to the Point of Beginning.

The above described lands are situated in Section 1, Township 9 North, Range 18 West, Simpson County, Mississippi and contain 79.83 acres, more or less.

3.

The Bond Salt Dome is a natural salt dome lying beneath the above described lands. Mississippi Hub, LLC owns the surface of the said lands and the underground stratum that is to be used for the creation and use of the proposed caverns and cavities. Mississippi Hub, LLC will also be the owner of the proposed field, caverns, cavities, wells and related facilities. Bean Resources, Inc. will be the operator for Mississippi Hub, LLC.

4.

The storage caverns or cavities will be artificially created by solution mining, specifically engineered for natural gas storage at depths of approximately 3850 to 5300 feet below the surface. Each cavern or cavity will be created by dissolving underground salt so that an open underground cavern or cavity is formed. The remaining salt will act as an impermeable barrier that holds the gas in place until it is needed. The brine water that is created during the solution mining process will be brought to the surface before being reinjected in saltwater disposal wells which have been or will be individually permitted.

5.

The storage interval is salt and does not contain any native oil, gas or other hydrocarbons. The underground salt stratum that is to be used for the storage caverns or cavities is suitable and feasible for such uses, and it is in the public interest to do so. Use of the said underground salt stratum for the proposed storage of natural gas will not contaminate any other formations that contain freshwater, oil, gas or other hydrocarbons. The proposed storage will not endanger lives or property.

6.

Special Field Rules for the field are adopted as follows:

Rule No. 1: Caverns may be created and utilized in the operation of the Bond Salt Dome Gas Storage Field upon permit being issued for the cavern well(s) pursuant to Statewide Rules 4 and 64.

Rule No. 2: No well shall be drilled into or within 1000 feet of the Bond Salt Dome except upon notice and hearing before the Board, including as provided for in Statewide Rule 64.

Rule No. 3: The operator of the field is authorized to use for injection, storage and/or withdrawal purposes any wells that are drilled in the field.

Rule No. 4: The creation, development, operation and maintenance of the field shall be subject to the provisions of the applicable Statewide Rules, including Rules 4 and 64.

7.

The adoption of the proposed Special Field Rules will prevent waste, protect the coequal and correlative rights of all owners in the field and area, and will afford Petitioners the opportunity to utilize the Bond Salt Dome for the purposes allowed by the applicable statutes and rules, thereby serving the public interest.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Petition filed herein is granted; the Bond Salt Dome Gas Storage field is designated and named as proposed above, and is comprised of the geographic areas set forth in Paragraph 2 above; Petitioners are authorized to use the Bond Salt Dome to create, develop and operate artificially formed solution mined underground storage caverns or cavities in dissolved salt beds in the said salt dome for the injection, storage, and withdrawal of volumes of natural gas, including the drilling and operation of wells to do so; and the Special Field Rules for the said field are adopted.

Permittee shall acquire all other permits, if any, required by any other permitting authority.

SO ORDERED AND ADJUDGED, this the ^{March}~~21st~~ day of ~~February~~, 2007.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By: 

CHAIRMAN

PREPARED BY:

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