

RE: PETITION OF CIMAREX ENERGY CO. TO  
AMEND THE SPECIAL FIELD RULES OF  
CARSON FIELD, JEFFERSON DAVIS COUNTY,  
MISSISSIPPI

APR 21 2004

STATE OIL AND GAS BOARD  
WALTER BOONE, SUPERVISOR

DOCKET NO. 66-2004-474

ORDER NO. 112-2004

ORDER

THIS MATTER came on for hearing before the State Oil and Gas Board on the Petition of Cimarex Energy Company to amend the Special Field Rules for Carson Field, such hearing being called for such purpose; 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 and way provided by law and 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 and service of process, public hearing was held by said Board, in the hearing room, 500 Greymont Avenue, Suite E, Jackson, Mississippi, commencing on March 17, 2004 at which hearings all persons present who desired to be heard on said matter were heard and all testimony and 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. By Order No. 419-2003, Docket No. 282-2003-474 & 811, effective August 20, 2003 the Board last amended Special Field Rules for Carson Field, establishing the unit boundaries and defining the Hosston Gas Pool. By Final Order No. 585-2003, Docket 382-2003-474, Cimarex received authority to drill, complete and produce the Davis No. 1 Well from a 640-acre gas unit as an increased density well for production from the Hosston Gas Pool.

2. Cimarex has drilled and completed the Davis No. 1 Well. In the course of completion, Petitioner has discovered what appears to be a new oil pool in the James Limestone strata of the Rodessa Formation at approximately 14,450 feet (log depth).

3. Given the depth, rock characteristics, and production characteristics encountered for this new Pool, artificial lift will be required for substantially all production therefrom. Geological conditions further indicate that this pool is of limited size, such that a prudent operator would not drill to this depth for the sole objective of producing from this zone. The most prudent way to

maximize the production from this pool is to commingle production with the deeper Hosston Gas Pool and allow the gas and condensate from that pool to lift this oil to the surface. Based on the drilling in Carson Field to date, the only other well potentially productive from this James Limestone Oil Pool is producing from the Hosston Gas Pool. Therefore, to prevent waste, to maximize the development of natural resources in Carson Field, and to fairly protect the co-equal and correlative rights of all parties with an interest underlain in this field, the Board should authorize the operators in this Field to produce this new James Limestone Oil Pool on the same unit established for the Hosston Gas Pool, where it is possible to produce this pool with gas lift from the Hosston Gas Pool. This will produce the maximum recoverable oil from this new pool and will foster, encourage and promote the development, production and utilization of all natural resources located in Carson Field.

4. The Special Field Rules should alternatively provide that, where an operator produces this oil pool without commingling with the Hosston Gas Pool for gas lift, the production unit for said completion should be in accordance with Statewide Rule 7.2 (160 acre spacing).

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules of Carson Field, Jefferson Davis County, Mississippi shall be and are hereby amended to read as follows:

**SPECIAL FIELD RULES**  
**FOR CARSON FIELD**  
**JEFFERSON DAVIS COUNTY, MISSISSIPPI**

**The Carson Field** as used herein, is that area consisting of the following described land, to-wit:

Sections 18 and 19, T7N, R17W, and Sections 11, 13, 14, 23 and 24, T7N, R18W, Jefferson Davis County, Mississippi, underlain by the Hosston Gas Pool and the James Limestone Oil Pool, as defined hereafter, and all productive extensions thereof.2

**GAS POOLS DEFINED:**

- A. The **Hosston Gas Pool** in the Carson Field shall be construed to mean those strata of the Hosston Formation in the interval between the depths of 14,850 feet to 16,000 feet encountered in the Forest Oil Corporation - Red Oak No. 1 Well, as indicated on the dual induction electric log of said well, said well being located 2580 feet from the North line and 2300 feet from the West line of Section 14, Township 7 North, Range 18 West, Jefferson Davis County, Mississippi and all strata productive of gas correlative to and in communication therewith.
- B. The **James Limestone Oil Pool** in Carson Field shall be construed to mean those strata of the Rodessa Formation in an electric log depth of 14,440 – 14,490 feet in the Cimarex Energy Co.- Davis No. 1 Well, said well being located 1,500 feet from the North Line and 2,000 feet from the East Line of Section 14, Township 7 North, Range 18 West, Jefferson Davis County, Mississippi, and all strata productive of oil correlative to and in communication therewith.

**RULE 1 - SPACING OF GAS WELLS:**

Every well drilled as a gas well and completed in the Hosston Gas Pool, or the Hosston Gas Pool commingled with the James Limestone Oil Pool:

- (a) 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.
- (b) Any gas drilling unit formed under Section 1(a) of this rule must be completely encompassed by the perimeter of a rectangle 5580 feet by 6245 feet. Provided, however, no unit shall be permitted which will create island acreage.
- (c) The well shall be located at least 3,000 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule; and
- (d) The well shall be located not less than 1,500 feet from every exterior boundary of the drilling unit.

**RULE 2 - SPACING OF OIL WELLS**

Every well drilled as an oil well and completed solely in the James Limestone Oil Pool, or any other oil strata in the Rodessa Formation, shall be located on a drilling or production unit in conformance with Statewide Rule 7.2.

**RULE 3 - 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.

ORDERED AND ADJUDGED, this the 21<sup>st</sup> day of March 2004, effective March 17, 2004.

MISSISSIPPI STATE OIL AND GAS BOARD

By:   
CHAIRMAN

OF COUNSEL:

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