

Re: **Petition of Gibraltar Energy Company to establish
Special Field Rules for West Coleville Field in
Chickasaw County, Mississippi**

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STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR

Docket No. 174-2005-889

Order No. 262-2005

ORDER

This cause came on to be heard on the Petition of Gibraltar Energy Company requesting the State Oil and Gas Board of Mississippi to enter an order adopting Special Field Rules for West Coleville Field in Chickasaw County, Mississippi, to establish the geographical limits of said field, to define the Abernathy Sand Gas Pool, the Evans Sand Gas Pool and the Lewis Sand Gas Pool and to establish spacing rules for said pools and granting related relief. This Board, having considered the Petition and the evidence submitted in support thereof, and being fully advised in the premises, is of the opinion and finds that the relief requested by Gibraltar Energy Company should be, and the same is hereby, granted. This Board further finds and determines as follows, to-wit:

1.

Due, proper and legal notice of the meeting of this Board for the purpose of considering and hearing the Petition filed herein has been given in the manner and time provided by law and the rules and regulations of this Board. Due, legal and sufficient proofs of publication of such notice and proof of notice by personal service are on file with this Board. Gibraltar Energy Company has made a reasonably diligent effort to give the personal notice required by the statutes of the State of Mississippi and the rules and regulations of this Board. This Board has full jurisdiction of the parties and the subject matter hereof.

2.

A public hearing was held by this Board in Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on June 15, 2005, at 9:30 o'clock a.m., at which time and place all persons who desired to be heard on said matter were heard and all testimony and the evidence were duly considered by this Board. Gibraltar Energy Company was represented at the hearing by its attorney, James M. Nix. No other parties made an appearance at the hearing of this matter.

3.

Gibraltar Energy Company is a Delaware corporation, whose business address is 200 North Washington Street, El Dorado, Arkansas 71730. Gibraltar Energy Company is duly authorized and qualified to do business in the State of Mississippi. Gibraltar Energy Company is the operator of the McCullough 6-16 No. 1 Well, the USA 5-12 No. 1 Well and the USA 6-11 No. 1 Well, all in West Coleville Field, Chickasaw County, Mississippi.

4.

Gibraltar Energy Company drilled and completed the McCullough 6-16 No. 1 Well (API No. 23-017-20143-0000) at a location 330 feet from the South line and 614 feet from the East line of Section 6 of Township 12 South, Range 4 East, Chickasaw County, Mississippi, as a commercial gas well in the Lewis Sand with perforations between the depths of 2666 feet and 2687 feet as reflected by the electric log of said well.

5.

Gibraltar Energy Company subsequently drilled and completed the USA 5-12 No. 1 Well (API No. 23-017-20147-0000) at a location 1400 feet from the South line and 650 feet from the West line of Section 5 of Township 12 South, Range 4 East, Chickasaw County, Mississippi, as a commercial gas well in the Evans Sand with perforations between the depths of 2458 feet and 2462 feet as reflected by the electric log of said well.

6.

Recently, Gibraltar Energy Company drilled and completed the USA 6-11 No. 1 Well (API No. 23-017-20155-0000) at a location 2127 feet from the South line and 1848 feet from the West line of Section 6 of Township 12 South, Range 4 East, Chickasaw County, Mississippi, as a commercial gas well in the Lewis Sand with perforations between the depths of 2580 feet and 2598 feet as reflected by the electric log of said well.

7.

The McCullough 6-16 No. 1 Well was the discovery well for West Coleville Field. West Coleville Field is situated immediately West of Coleville Field and is separated from Coleville Field by an impermeable fault which runs in a North to South direction. It is necessary that Special Field Rules be promulgated by this Board for West Coleville Field to establish the geographical limits of said field, to define the Abernathy Sand Gas Pool, the Evans Sand Gas Pool and the Lewis Sand Gas Pool and to establish spacing rules for

these pools in order that this field can be fully developed and the reserves efficiently drained therefrom without waste.

8.

West Coleville Field is believed to encompass portions of Sections 5, 6, 7 and 8, all in Township 12 South, Range 4 East, Chickasaw County, Mississippi. The geographical limits of West Coleville Field should include that area in Sections 5, 6, 7 and 8, all in Township 12 South, Range 4 East, Chickasaw County, Mississippi, underlain by the Abernathy Sand Gas Pool, the Evans Sand Gas Pool and/or the Lewis Sand Gas Pool, and all productive extensions thereof.

9.

The Abernathy Sand Gas Pool should be defined in the Special Field Rules for West Coleville Field as follows:

The Abernathy Sand Gas Pool in West Coleville Field shall be construed to mean those strata between the depths of 2125 feet and 2138 feet on the Induction Log of the USA 5-12 No. 1 Well located in the Northwest Quarter of the Southwest Quarter (NW $\frac{1}{4}$ of SW $\frac{1}{4}$) of Section 5 of Township 12 South, Range 4 East, Chickasaw County, Mississippi, and all sands correlative to and in communication with said strata.

10.

The Evans Sand Gas Pool should be defined in the Special Field Rules for West Coleville Field as follows:

The Evans Sand Gas Pool in West Coleville Field shall be construed to mean those strata between the depths of 2458 feet and 2462 feet on the Induction Log of the USA 5-12 No. 1 Well located in the Northwest Quarter of the Southwest Quarter (NW $\frac{1}{4}$ of SW $\frac{1}{4}$) of Section 5 of Township 12 South, Range 4 East, Chickasaw County, Mississippi, and all sands correlative to and in communication with said strata.

11.

The Lewis Sand Gas Pool should be defined in the Special Field Rules for West Coleville Field as follows:

The Lewis Sand Gas Pool in West Coleville Field shall be construed to mean those strata between the depths of 2666 feet and 2687 feet on the Induction Log of the McCullough 6-16 No. 1 Well located in the Southeast Quarter of the Southeast Quarter (SE $\frac{1}{4}$ of SE $\frac{1}{4}$) of Section 6 of Township 12 South, Range 4 East, Chickasaw County, Mississippi, and all sands correlative to and in communication with said strata.

12.

In view of the characteristics and properties of the Abernathy Sand Gas Pool, the Evans Sand Gas Pool and the Lewis Sand Gas Pool, the drilling, production and prora-

tion units for these pools should consist of 320-acre units and the spacing of wells in the Abernathy Sand Gas Pool, the Evans Sand Gas Pool and the Lewis Sand Gas Pool should be at least 500 feet from every exterior boundary of the drilling and production units and at least 1000 feet from every other drilling well or wells completed in or producing from the same pool located in conformity with the Special Field Rules of West Coleville Field.

13.

The establishment of Special Field Rules for West Coleville Field as proposed by Gibraltar Energy Company in its Petition filed in this docket will promote conservation, prevent waste, avoid the drilling of unnecessary wells, and safeguard, protect and enforce the coequal and correlative rights of all owners in West Coleville Field.

IT IS THEREFORE ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the relief requested by Gibraltar Energy Company in this docket should be, and the same is hereby, granted and it is ordered that Special Field Rules should be, and the same hereby are, adopted for West Coleville Field as follows, to-wit:

SPECIAL FIELD RULES
WEST COLEVILLE FIELD
CHICKASAW COUNTY, MISSISSIPPI

A. FIELD AREA:

West Coleville Field, as used herein, is that geographical area consisting of the area in Sections 5, 6, 7 and 8, all in Township 12 South, Range 4 East, Chickasaw County, Mississippi, underlain by the Abernathy Sand Gas Pool, the Evans Sand Gas Pool and/or the Lewis Sand Gas Pool, as hereinafter defined, and all productive extensions thereof.

B. POOL DEFINITIONS:

The **Abernathy Sand Gas Pool** in West Coleville Field shall be construed to mean those strata between the depths of 2125 feet and 2138 feet on the Induction Log of the USA 5-12 No. 1 Well located in the Northwest Quarter of the Southwest Quarter (NW $\frac{1}{4}$ of SW $\frac{1}{4}$) of Section 5 of Township 12 South, Range 4 East, Chickasaw County, Mississippi, and all sands correlative to and in communication with said strata.

The **Evans Sand Gas Pool** in West Coleville Field shall be construed to mean those strata between the depths of 2458 feet and 2462 feet on the Induction Log of the USA 5-12 No. 1 Well located in the Northwest Quarter of the Southwest Quarter (NW $\frac{1}{4}$ of SW $\frac{1}{4}$) of Section 5 of Township 12 South, Range 4 East, Chickasaw County, Mississippi, and all sands correlative to and in communication with said strata.

The **Lewis Sand Gas Pool** in West Coleville Field shall be construed to mean those strata between the depths of 2666 feet and 2687 feet on the Induction Log of the McCullough 6-16 No. 1 Well located in the Southeast Quarter of the Southeast Quarter (SE $\frac{1}{4}$ of SE $\frac{1}{4}$) of Section 6 of Township 12 South, Range 4 East, Chickasaw County, Mississippi, and all sands correlative to and in communication with said strata.

C. RULES:

RULE 1 -- Spacing of Gas Wells

(1) The following spacing rules shall apply to each well drilled into and productive from the Abernathy Sand Gas Pool, the Evans Sand Gas Pool and/or the Lewis Sand Gas Pool, as defined above:

- (a) Each such well shall be located on a unit consisting of (i) three hundred twenty (320) contiguous surface acres, or (ii) a governmental half-section containing not less than three hundred (300) acres nor more than three hundred forty (340) acres, or (iii) eight (8) contiguous governmental quarter-quarter sections whose total acreage is not less than three hundred (300) acres nor more than three hundred forty (340) acres. The word "contiguous" as used herein shall mean bordering each other at more than one point.
- (b) Any unit not a governmental half-quarter section must be completely encompassed by the perimeter of a rectangle 3735 feet by 5380 feet; provided, however, no unit shall be permitted which will create island acreage.
- (c) Each such well shall be located at least 1000 feet from every other well completed in and producing from the same pool located in conformity with this rule.

- (d) Each such well shall be located at least 500 feet from every exterior boundary of the unit.
- (e) No portion of the unit shall be attributed, in whole or in part, to the production unit for any other well producing from the same pool.

RULE 2 -- Amendment of Special Field Rules

The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any and all of the above rules and regulations, or to grant exceptions to all or any part thereof.

RULE 3 -- Applicability of Statewide Rules

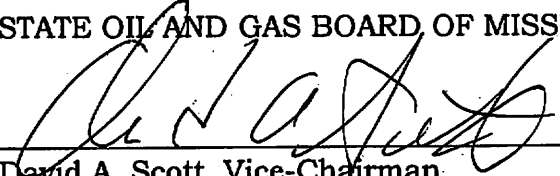
All rules and regulations contained in Statewide Order No. 201-51, and all amendments thereto, are hereby adopted and shall apply to West Coleville Field to the extent not inconsistent with the above rules.

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be effective from and after June 15, 2005.

SO ORDERED AND ADJUDGED on this the 20th day of July, 2005.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By:



David A. Scott, Vice-Chairman
(Acting Chairman)

Prepared and submitted by:
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