

Also see Order 219-05
for complete SFR for
FREE STATE.

IN THE STATE OIL AND GAS BOARD OF MISSISSIPPI FILED FOR RECORD

RE: PETITION OF EDGE PETROLEUM
OPERATING COMPANY, INC. TO AMEND
SPECIAL FIELD RULES FOR FREE STATE
FIELD, JONES COUNTY, MISSISSIPPI

JUN 15 2005

STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR

DOCKET NO. 88-2005-724

ORDER NO. 167-2005

ORDER

This day this matter came on for hearing before the State Oil and Gas Board at its regular May 18, 2005, hearing on the Petition of Edge Petroleum for authority to Amend the Special Field Rules for Free State Field, Jones County, Mississippi;

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 are on file with the Board; and that the Board has full jurisdiction of the parties and subject matter to hear and determine same; and

WHEREAS, pursuant to said notice given, public hearing was held by the Board in the hearing room, 500 Greymont Avenue, Suite E, Jackson, Mississippi, commencing on May 18, 2005, at which hearing all persons present who desired to be heard on said matter were heard; and

WHEREAS, the Board has fully considered said matter and the recommendations made in said hearing and finds as follows:

1. That by Order No. 281 -2004, the State Oil & Gas Board adopted Amended Special Field Rules for Free State Field, Jones County, Mississippi.

2. That the Amended Special Field Rules for Free State Field define the Lower Hosston Gas Pool, as those strata of the Lower Hosston Formation productive of oil and casing head gas in the interval between 15,900 feet and 16,300 feet, measured depth in the Frankie Smith No 1-A Well, as indicated on the electric log of said well.

3. That Petitioner is the operator of the Ellzey No. 2 Well ("Well") on a 640 acre unit in Free State Field, Jones County, Mississippi, consisting of the E 1/2 of Section 18 and the W 1/2 of Section 17, Township 8 North, Range 13 West, Jones County, Mississippi, which gas unit was authorized by Order 245-2004, which Well is completed and is producing from the Lower Hosston Formation.

4. The Ellzey No. 2 Well is producing from a portion of the Lower Hosston which is fault separated from and is a separate and distinct accumulation of hydrocarbons from the Lower Hosston Gas Pool as defined in the Amended Special Field Rules and is a new pool which has never heretofore been produced or defined in Free State Field.

5. That Petitioner has redefined the Lower Hosston Oil and Gas Pool, East Segment, as follows:

Those strata of the Lower Hosston Formation underlying the East 1/2 of Section 18 and the West 1/2 of Section 17, Township 8 North, Range 13 West, and productive of gas, condensate and volatile oil in the interval between 15,910 feet and 16,450 feet, measured depth, in the Ellzey No. 2 Well, as indicated on the electric log of said well, and all sands correlative of those strata and in communication therewith, productive of volatile oil, condensate and gas, the surface location of said Well being located 1,234 feet from west line and 2,411 feet from north line of Section 17, Township 8 North, Range 13 West, Jones County, Mississippi.

6. The Lower Hosston Oil and Gas Pool, East Segment, is situated in a steeply dipping bed located on the flank of Centerville Salt Dome. The pool is a gas, condensate and volatile oil reservoir with a relatively low gas/oil ratio of approximately 2000:1. Although the hydrocarbons are liquid in the reservoir, it is believed that one well will adequately and efficiently drain the 640 acre unit presently assigned the Ellzey No. 2 and therefore spacing for the Lower Hosston Oil and Gas Pool, East Segment, should be the same as provided in Statewide Rule 8.1.

7. That Petitioner proposes that the adoption of the Amended Special Field Rules for the Free State Field, as set forth in Exhibit "A" hereto, will promote the orderly development of the Lower Hosston Formation, will promote conservation and prevent waste, will protect and enforce the co-equal and correlative rights of all parties, will avoid the drilling of unnecessary wells, and permit hydrocarbons to be produced from the field which would not otherwise be recoverable.

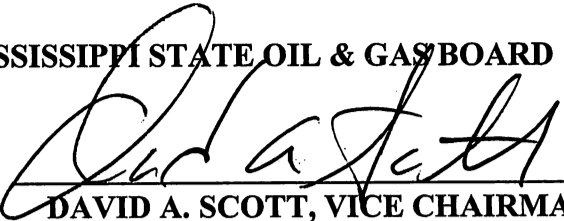
IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules for Free State Field are hereby amended as set forth in Exhibit "A", attached hereto.

IT IS FURTHER ORDERED that Petitioner shall acquire all other permits required by any other permitting authority.

ORDERED AND ADJUDGED, this the 15th day of June, 2005,
effective May 18, 2005.

MISSISSIPPI STATE OIL & GAS BOARD

By:


DAVID A. SCOTT, VICE CHAIRMAN
(ACTING CHAIRMAN)

SUBMITTED BY:

WATTS C. UELTSCHY, ESQ.

State Bar No. 5758

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ATTORNEY FOR PETITIONER

EDGE PETROLEUM CO., INC.

Exhibit "A"
SPECIAL FIELD RULES
FOR THE FREE STATE FIELD IN
JONES COUNTY, MISSISSIPPI

FIELD LIMITS

The Free State Field is defined as that area consisting of the following described area:

All of Sections 12, 13 and 24, Township 8 North,
Range 14 West; and Sections 7, 8, 17, 18, 19, and
20, Township 8 North, Range 13 West, Second Judicial
District, Jones County, Mississippi

as underlain by the oil or gas pools herein defined and all correlative or productive extensions thereof.

POOL DEFINITIONS

1. The Rodessa Oil Pool is defined as those strata of the Rodessa Formation productive of oil and casinghead gas in the interval between 13,400 feet and 13,610 feet measured depth in the Orxy Energy Company-Charles Grayson No. 1 Well as indicated on the electric log of said well and all sands correlative of these strata productive of oil and casinghead gas, said well being located in Section 13, Township 8 North, Range 14 West, Second Judicial District, Jones County, Mississippi.
2. The Rodessa Oil Pool, West Segment, is defined as those strata of the Rodessa Formation productive of oil and casinghead gas in the interval between 13,232 feet and 13,676 feet measured depth in the Miller-Campbell No. 1 Well as indicated on the electric log of said well and all sands correlative of these strata productive of oil and casinghead gas said well being located in Section 13, Township 8 North, Range 14 West, Second Judicial District, Jones County, Mississippi.
3. The Middle Hosston Oil Pool is defined as those strata of the Middle Hosston Formation productive of oil and casinghead gas in the interval between 15,707 feet and 15,808 feet measured depth in the Oryx Energy Company-Charles Grayson No. 1 Well as indicated on the electric log of said well, and all sands correlative of these strata productive of oil and casinghead gas, said well being located in Section 13, Township 8 North, Range 14 West, Second Judicial District, Jones County, Mississippi
4. The Upper Hosston Oil Pool is defined as those strata of the Upper Hosston Formation productive of oil and casinghead gas in the interval between 15,216 feet and 15,232 feet measured depth in the Oryx Energy Company-Charles Grayson No. 1 Well as indicated on the electric log of said well, and all sands correlative of this strata productive of oil and casinghead gas, said well being located in Section 13, Township 8 North, Range 14 West, Second Judicial District, Jones County, Mississippi.
5. The Sligo Oil Pool is defined as those strata of the Sligo Formation productive of oil and casinghead gas in the interval between 13,866 feet and 14,057 feet measured depth in the Oryx Energy Company-Charles Grayson No. 1 Well as indicated on the electric log of said well, and all sands correlative of this strata productive of oil and casinghead gas, said well being located in Section 13, Township 8 North, Range 14 West, Second Judicial District, Jones County, Mississippi.
6. The Lower Hosston Gas Pool is defined as those strata of the Lower Hosston Formation productive of oil and casinghead gas in the interval between 15,900 feet and 16,300 feet measured depth in the Oryx Energy Company-Frankie Smith No. 1 A Well as indicated on the electric log of said well, and all sands correlative of these strata productive of gas and gas condensate, said well being located in Section 19, Township 8 North, Range 13 West, Second Judicial District, Jones County, Mississippi.
7. The Middle Hosston Oil and Gas Pool, East Segment, is defined as those strata of the Middle

Hosston Formation productive of volatile oil, retrograde condensate, and casinghead gas in the interval between 14,158 feet and 15,825 feet, measured depth, in the Ellzey 17-12 No. 1 Well, as indicated on the electric log of said well, and all sands correlative of those strata productive of volatile oil, condensate and gas, said well being located in the E 1/2 of Section 18, Township 8 North, Range 13 West, Second Judicial District, Jones County, Mississippi.

8. The Middle Hosston Oil Pool, South Segment, is defined as those strata of the Middle Hosston Formation productive of oil and casinghead gas in the interval between 14,190 feet and 15,128 feet, measured depth, in the Tellus-Frankie Smith No. 2 Well, as indicated on the electric log of said well, and all sands correlative to and in communication with those strata productive of oil and casinghead gas, said well being located in the NE 1/4 of Section 19, T8N-R13W, Second Judicial District, Jones County, Mississippi

9. The Sligo Oil Pool, South Segment, in Free State Field shall be construed to be those strata of the Sligo Formation productive of oil and other hydrocarbons in the interval between the measured depths of 13,700 and 14,170 feet in the Tellus Operating Group, LLC-Frankie Smith Well No. 1, as indicated on the Dual Induction Log of that Well, and including those strata productive of oil and other hydrocarbons which can be correlated therewith and are in communication therewith, said Well being located at a surface location that is 2300 feet West of the East line and 2501 feet South of the North line of Section 19, Township 8 North, Range 13 West, Second Judicial District of Jones County, Mississippi.

10. The Lower Hosston Oil and Gas Pool, East Segment, is defined as those strata of the Lower Hosston Formation underlying the East 1/2 of Section 18 and the West 1/2 of Section 17, Township 8 North, Range 13 West, and productive of gas, condensate and volatile oil in the interval between 15,910 feet and 16,450 feet, measured depth, in the Ellzey No. 2 Well, as indicated on the electric log of said well, and all sands correlative of those strata and in communication therewith, productive of volatile oil, condensate and gas, the surface location of said well being located 1,234 feet from west line and 2,411 feet from north line of Section 17, Township 8 North, Range 13 West, Jones County, Mississippi.

RULE 1- SPACING FOR OIL POOLS

- A. Spacing for all wells completed in and producing from the Rodessa Oil Pool, the Middle Hosston Oil Pool, the Upper Hosston Oil Pool, or the Sligo Oil Pool, and the Sligo Oil Pool, South Segment, shall be the same as provided in Statewide Rule 7.1.
- B. Spacing for all wells completed in and producing from the Rodessa Oil Pool West Segment shall be the same as provided in Statewide Rule 7.2.
- C. All wells completed in and producing from the Middle Hosston Oil Pool, South Segment, shall be located on a drilling unit consisting of contiguous whole or half quarter-quarter sections totaling not less than 240 nor more than 280 acres or 260 contiguous acres contained within a rectangle of 4750' by 3500'. All wells shall be at least 500' from any unit line and at least 1000' from any other well producing from same pool in another unit.

RULE 2 SPACING OF GAS POOLS AND OIL AND GAS TOOLS

Spacing for all wells completed in and producing from the Lower Hosston Gas Pool or the Middle Hosston Oil and Gas Pool, East Segment, or the Lower Hosston Oil and Gas Pool, East Segment, shall be the same as provided in Statewide Rule 8.1.

RULE 3 ALLOWABLE FOR MIDDLE HOSSTON OIL AND GAS POOL EAST SEGMENT

All wells completed in and producing from the Middle Hosston Oil and Gas Pool, East

Segment, Free State Field, may produce such amount of oil and condensate that they are able to produce, not to exceed 750 barrels of oil and condensate per day, per well.

RULE 4 APPLICABILITY OF STATEWIDE RULES

All rules and regulations contained in Statewide Order No. 201-5 1, and any amendments thereto, not specifically covered in the foregoing rules are hereby adopted and applied to said field.

END OF SPECIAL FIELD RULES