

SEP 19 2012

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF RAM PETROLEUM, LLC TO ESTABLISH SPECIAL FIELD RULES FOR NORTH FRIENDSHIP CHURCH FIELD IN PIKE COUNTY, MISSISSIPPI

DOCKET NO. 268-2012-D
ORDER NO. 555-2012

FINAL ORDER

This day this matter came on for hearing before the State Oil and Gas Board at its regular August 15, 2012, hearing on the Petition of Ram Petroleum, LLC to establish Special Field Rules for North Friendship Church Field in Pike County, Mississippi

WHEREAS, a public hearing was held by said Board in the hearing room, 500 Greymont Avenue, Suite E, Jackson, Mississippi, commencing on August, 2012, at which time all persons present who desired to be heard on said matter were heard and all testimony and evidence were duly considered at said meeting;

WHEREAS, Board finds that due, proper and legal notice of the meeting of this Board for the purpose of considering and taking action with respect to such matter was given in the manner provided by law and the rules and regulations of this 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 this docket; and

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

1. That on May 29, 2012, Petitioner completed its McGrew No. 1 Well, located 2,179 feet North of South line and 1,926 feet West of East line in Section 1, Township 3 North, Range 8 East, Pike County, Mississippi, as the discovery well in the Lower Tuscaloosa Formation and requested establishment of Special Field Rules for the development of North Friendship Church Field by drilling multiple wells to the Lower Tuscaloosa Formation.

2. That the field limits of North Friendship Church Field should be the East three-fourths (E 3/4) of Section 1, Township 3 North, Range 8 East, Pike County, Mississippi, as underlain by the oil pool defined below and all correlative or productive extensions thereof, as outlined in the Field Limits paragraph in Exhibit "A" attached hereto.

3. That the Lower Tuscaloosa Producing Interval in North Friendship Church Field should be defined as those strata of the Lower Tuscaloosa formation productive of oil and casinghead gas in the interval commencing at 10,640 feet in the Petitioner's McGrew No. 1 Well

as indicated on the Array Induction/Sonic Log of said well as recorded by Schlumberger on May 17, 2012 and continuing to 10,718 feet on said log and all sands correlative of this strata productive of oil and casinghead gas, said well being located 2,179 feet North of South line and 1,926 feet West of East line in said Section 1.

4. That 80 acre spacing should be established for oil production from the Lower Tuscaloosa Producing Interval and each well:

(i) shall be located on a drilling unit consisting of eighty (80) contiguous surface acres, or two (2) contiguous governmental quarter-quarter sections, containing not less than seventy-two (72) acres or more than eighty-eight (88), upon which no other drilling or producible well is located; the word "contiguous" as used herein shall mean bordering each other at more than one point;

(ii) shall be located at least 660 feet from every other drilling or producible well located in the North Friendship Church Field in the same defined oil pool;

(iii) shall be located at least 330 feet from every exterior boundary of the drilling unit; and

(iv) any drilling unit not composed of two (2) contiguous governmental quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 2,640 feet by 3,500 feet, provided however, no unit shall be permitted which will create island acreage; and

(v) rule (a)(iii), above, shall not apply to the surface location of any well which is intentionally deviated such that the producing perforations of which are at least 660 feet from the producing perforations of every other drilling or producible well in the Lower Tuscaloosa Producing Interval. As to such wells intentionally deviated, there shall be no restriction on the surface location within the unit; provided, however, the interval perforated for completion shall be located at least 660 feet from the producing perforations of every other drilling or producible well in the Lower Tuscaloosa Producing Interval and the intervals perforated for completion shall also be located at least 330 feet from each exterior boundary of the drilling unit; and

(vi) when a well is directionally deviated from its normal course for any reason, a complete angular deviation and directional survey of the finished hole shall be made at the expense of the operator and a certified copy of such survey shall be filed with the Board within thirty (30) days.

5. That the Special Field Rules shall impose no restriction on surface locations provided that producing perforations comply with the Special Field Rules and the surface locations are situated within the unit (See (v) in preceding paragraph).

6. That the Special Field Rules of North Friendship Church Field, which are set forth in Exhibit "A", attached hereto, will prevent waste, will avoid the drilling of unnecessary wells, will not cause drainage that is not offset by counter drainage, will protect the co-equal and correlative rights of the owners in the Field, will allow all of the owners in the Field the right and opportunity to recover their fair and equitable share of the recoverable hydrocarbons therein, will foster and encourage the full development of the Field, will promote the conservation of hydrocarbons from the Field by preventing waste, and will enable hydrocarbons to be produced which could not otherwise be produced, thereby increasing the ultimate recovery of hydrocarbons.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules for North Friendship Church Field in Pike County, Mississippi, attached as Exhibit "A", are hereby established.

IT IS FURTHER ORDERED AND ADJUDGED that Petitioner shall acquire all other permits, if any, from any other permitting authority.

SO ORDERED AND ADJUDGED this the 19th day of August, 2012, and effective August 15, 2012.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By: 

JAMES HEIDELBERG, Chairman

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**ATTORNEY FOR PETITIONER,
RAM PETROLEUM, LLC**

Exhibit A

SPECIAL FIELD RULES FOR NORTH FRIENDSHIP CHURCH FIELD PIKE COUNTY, MISSISSIPPI

FIELD LIMITS:

The North Friendship Church Field is defined as that area consisting of the following described lands, to wit:

East three-fourths (E 3/4) of Section 1, Township 3 North, Range 8 East,
Pike County, Mississippi

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

DEFINITIONS:

(a) Lower Tuscaloosa Producing Interval

The Lower Tuscaloosa Producing Interval in the North Friendship Church Field shall be construed to mean those strata of the Lower Tuscaloosa Formation productive of oil in the interval between 10,640 feet to 10,718 feet in the Ram-McGrew No. 1 Well, located 2,179 feet North of South line and 1,926 feet West of East line in Section 1, Township 3 North, Range 8 East, Pike County, Mississippi, as indicated on the Array Induction/Sonic Log of said well as recorded by Schlumberger on May 17, 2012, and all sands correlative of these strata productive of oil.

RULE I – Spacing of Oil Wells:

(a) The characteristics of the Lower Tuscaloosa Producing Interval in North Friendship Church Field is such that a well located as hereinafter prescribed and drilled upon a drilling unit containing approximately 80 contiguous surface acres conforming to the requirements of the rules herein contained will efficiently drain and produce the recoverable oil from such unit in said pool without avoidable waste. Every well drilled as an oil well in this oil pool:

(i) shall be located on a drilling unit consisting of eighty (80) contiguous surface acres, or two (2) contiguous governmental quarter-quarter sections, containing not less than seventy-two (72) acres or more than eighty-eight (88), upon which no other drilling or producible well is located; the word "contiguous" as used herein shall mean bordering each other at more than one point;

(ii) shall be located at least 660 feet from every other drilling or producible well located in the North Friendship Church Field in the same defined oil pool;

(iii) shall be located at least 330 feet from every exterior boundary of the drilling unit; and

(iv) any drilling unit not composed of two (2) contiguous governmental quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 2,640 feet by 3,500 feet, provided however, no unit shall be permitted which will create island acreage; and

(v) Rule I (a)(iii) shall not apply to the surface location of any well which is intentionally deviated such that the producing perforations of

which are at least 660 feet from the producing perforations of every other drilling or producible well in the Lower Tuscaloosa Producing Interval. As to such wells intentionally deviated, there shall be no restriction on the surface location within the unit; provided, however, the interval perforated for completion shall be located at least 660 feet from the producing perforations of every other drilling or producible well in the Lower Tuscaloosa Producing Interval and the intervals perforated for completion shall also be located at least 330 feet from each exterior boundary of the drilling unit; and

(vi) when a well is directionally deviated from its normal course for any reason, a complete angular deviation and directional survey of the finished hole shall be made at the expense of the operator and a certified copy of such survey shall be filed with the Board within thirty (30) days.

RULE II --Applicability of Statewide Rules:

All rules and regulations contained in Statewide Order No. 201-51 and amendments thereto, not in conflict with the foregoing, shall apply to said field until such time as these Special Field Rules may be altered or amended. The Board expressly reserves the right, after notice and hearing, to alter or amend or repeal any and all of the foregoing regulations.

*****End of Special Field Rules*****