

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

Re: **Petition of Mosbacher Energy Company Requesting  
Amendment of the Special Field Rules of Jaynes-  
ville Field, Covington County, Mississippi**

MAY 17 2006

STATE OIL AND GAS BOARD  
LISA IVSHIN, SUPERVISOR

Docket No. 149-2006-432

Order No. 198-2006

**ORDER**

This day this cause came on to be heard for a hearing on the Petition of Mosbacher Energy Company requesting the State Oil and Gas Board of Mississippi to enter an order amending the Special Field Rules of Jaynesville Field to define the South Upper Rodessa Gas Pool as a separate and distinct pool and establish spacing rules for said pool 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 Mosbacher Energy Company should be, and the same is hereby, granted. This Board further finds and determines as follows, to-wit:

1.

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. Legal and sufficient proofs of publication of such notice and proof of notice by personal service are on file with this Board. Mosbacher Energy Company has made a 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 on the Petition filed in this docket was held by this Board in Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on April 19, 2006, 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. Mosbacher 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.

Mosbacher Energy Company is a Texas corporation, whose principal place of business is 712 Main Street, Suite 2200, Houston, Texas 77002-3290. Mosbacher Energy Company is the operator of several wells in Jaynesville Field.

4.

Special Field Rules for Jaynesville Field were last amended by this Board in Order No. 416-2003, entered in Docket No. 279-2003-432. The Special Field Rules for Jaynesville Field presently define three (3) separate and distinct gas pools in the Rodessa Formation -- the Upper Rodessa Gas Pool, the Lower Rodessa Gas Pool and the South Rodessa Gas Pool.

5.

Mosbacher Energy Company recently drilled the Stroud-Polk G.U. No. 1 Well No. 2 in Jaynesville Field at a location 1051 feet from the North line and 2296 feet from the East line of Section 20 of Township 9 North, Range 17 West, Covington County, Mississippi, to a total depth of 13,800 feet.

6.

The portion of the Rodessa Formation encountered by the wellbore of the Stroud-Polk G.U. No. 1 Well No. 2 between the depths of 13,115 feet and 13,600 feet is separate and distinct from, and not in communication with, any of the previously defined Rodessa Formation pools within Jaynesville Field. In order to fully develop the Rodessa Formation in Jaynesville Field, the Special Field Rules of Jaynesville Field should be amended to add the following new pool definition to the Special Field Rules of Jaynesville Field:

"The South Upper Rodessa Gas Pool as used herein is defined as those strata productive of gas and associated hydrocarbons within the interval between the measured depths of 13,115 feet and 13,600 feet as indicated on the Dual Induction Electric Log of the Mosbacher Energy Company -- Stroud-Polk G.U. No. 1 Well No. 2 located in the Northwest Quarter of the Northeast Quarter of Section 20 of Township 9 North, Range 17 West, Covington County, Mississippi, and all intervals correlative to and in communication therewith."

7.

In view of the geological characteristics and physical properties of the South Upper Rodessa Gas Pool, spacing for the South Upper Rodessa Gas Pool should be identical to the existing spacing rules for the Upper Rodessa Gas Pool, the Lower Rodessa Gas Pool

and the South Rodessa Gas Pool as presently set forth in Special Field Rules for Jaynesville Field.

8.

It is necessary that the existing Special Field Rules for Jaynesville Field be amended as proposed by Mosbacher Energy Company so as to increase the ultimate recovery of hydrocarbons from the various productive pools in the Rodessa Formation. The amendments to the Special Field Rules for Jaynesville Field as proposed by Mosbacher Energy Company will promote the conservation of oil and gas of Jaynesville Field and the State of Mississippi by preventing waste and safeguarding, protecting and enforcing the co-equal and correlative rights of all owners of hydrocarbons in the field to the extent that each such owner may recover his fair and equitable share of recoverable hydrocarbons without unnecessary expense. The proposed amendments to the Special Field Rules for Jaynesville Field will foster, encourage and promote the full development of the field.

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

**SPECIAL FIELD RULES**  
**JAYNESVILLE FIELD**  
**COVINGTON COUNTY, MISSISSIPPI**

**FIELD LIMITS:**

The Jaynesville Field as used herein is that area consisting of all of Sections 16, 17, 20 and 21 of Township 9 North, Range 17 West, Covington County, Mississippi, underlain by the Upper Rodessa Gas Pool, the Lower Rodessa Gas Pool, the South Rodessa Gas Pool, the South Upper Rodessa Gas Pool, and all productive extensions thereof.

**POOL DEFINITIONS:**

A. The **Upper Rodessa Gas Pool** as used herein is defined as those strata productive of gas and associated hydrocarbons within the interval between the measured depths of 13,300 feet and 13,498 feet as indicated on the Dual Induction Electric Log of the Robert Mosbacher -- Stroud-Polk Unit No. 1 Well located in the Southwest Quarter of the Southeast Quarter of Section 17 of Township 9 North, Range 17 West, Covington County, Mississippi, and all intervals correlative to and in communication therewith.

B. The **Lower Rodessa Gas Pool** as used herein is defined as those strata productive of gas and associated hydrocarbons within the interval between the measured depths of 13,672 feet and 13,700 feet as indicated on the Dual Induction Electric Log of the Robert Mosbacher -- Stroud-Polk Unit No. 1 Well located in the Southwest Quarter of the Southeast Quarter of Section 17 of Township 9 North, Range 17 West, Covington County, Mississippi, and all intervals correlative to and in communication therewith.

C. The **South Rodessa Gas Pool** as used herein is defined as those strata productive of gas and associated hydrocarbons within the interval between the measured depths of 13,050 feet and 13,570 feet as indicated in the Array Induction Electric Log of the Mosbacher Energy Company -- Garrett No. 1 Well located in the Northeast Quarter of the Northeast Quarter of Section 20 of Township 9 North, Range 17 West, Covington County, Mississippi, and all intervals correlative to and in communication therewith.

D. The **South Upper Rodessa Gas Pool** as used herein is defined as those strata productive of gas and associated hydrocarbons within the interval between the measured depths of 13,115 feet and 13,600 feet as indicated on the Dual Induction Electric Log of the Mosbacher Energy Company -- Stroud-Polk G.U. No. 1 Well No. 2 located in the Northwest Quarter of the Northeast Quarter of Section 20 of Township 9 North, Range 17 West, Covington County, Mississippi, and all intervals correlative to and in communication therewith.

**RULE NO. 1: SPACING OF GAS WELLS**

The following spacing rules shall apply to every well drilled as a gas well and completed in the Upper Rodessa Gas Pool, the Lower Rodessa Gas Pool, the South Rodessa Gas Pool and/or the South Upper Rodessa Gas Pool as defined herein:

(a) The well shall be located on a drilling unit consisting of 640 contiguous surface acres, or a governmental section containing not less than 600 acres nor more than 680 acres, upon which no other drilling or producible well is located;

(b) Any drilling unit which is not a governmental section must be completely encompassed by the perimeter of a rectangle 5,580 feet by 6,425 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 or producible well 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 unit.

**RULE NO. 2: GARRETT NO. 1 UNIT**

These Special Field Rules shall not affect or alter the 858.10 acre gas drilling unit previously established for the Garrett No. 1 Well for production from the above described South Rodessa Gas Pool.

**RULE NO. 3: APPLICABILITY OF STATEWIDE RULES**

(a) All rules and regulations contained in Statewide Order No. 201-51 and all amendments thereto, not specifically covered in 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.

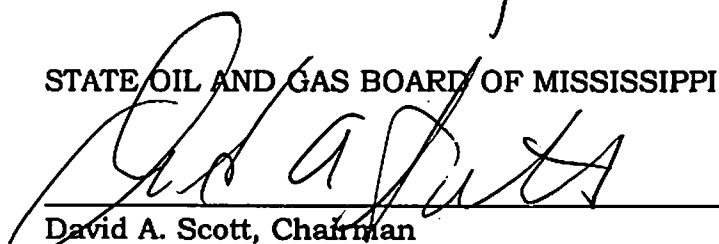
- - - - end of Special Field Rules - - - -

IT IS FURTHER ORDERED that this Order shall be effective from and after April 19, 2006.

SO ORDERED AND ADJUDGED on this the 19th day of May, 2006.

STATE OIL AND GAS BOARD OF MISSISSIPPI

By:

  
David A. Scott, Chairman

Prepared and submitted by:  
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