

JUL 02 2002

RE: PETITION OF QUESTAR EXPLORATION AND )  
PRODUCTION COMPANY TO AMEND THE )  
SPECIAL FIELD RULES FOR THE McRANEY )  
FIELD, IN COVINGTON AND JEFFERSON DAVIS )  
COUNTIES, MISSISSIPPI, TO REDEFINE THE )  
HARPER SAND GAS POOL AND ADD THE )  
SECOND HARPER SAND GAS POOL )

STATE OIL AND GAS BOARD  
WALTER BOONE, SUPERVISOR  
Docket No.: 150-2002-426  
Order No.: 229-2002

ORDER

THIS MATTER came on for hearing before the State Oil and Gas Board of Mississippi on the 19<sup>th</sup> day of June, 2002, on the Petition of QUESTAR EXPLORATION AND PRODUCTION COMPANY requesting that the Special Field Rules for the McRaney Field, Covington County, Mississippi, be amended for the purpose of defining and adding the First Harper Sand Gas Pool and adding the Second Harper Sand Gas Pool, and after having considered the various pleadings, sworn affidavits in support of the Petition, proofs of publication and other documents, the Board is of the opinion that the Petition should be granted and does hereby find, order and adjudge as follows:

1.

That proper, due and legal notice for this meeting of this Board to consider this matter has been given as required by law and the Rules and Regulations of this Board and that due, legal and sufficient Proofs of Publication of Notice are on file with this Board. That this Board has full and complete jurisdiction of the subject matter to hear and determine this Petition at this time and place as hereinabove set forth.

2.

Petitioner is the operator of its Joseph Dale 3-10 No. 2 Well, which is minimally productive (150 MCF a day) from the Harper Sand Gas Pool, (hereby amended to First Harper Sand Gas pool) as said pool is defined in the Special Field Rules for the McRaney Field, on a 640-acre unit comprised of Section 3, Township 7 North, Range 17 West, Covington County, Mississippi.

3.

Petitioner subsequently drilled its Ady 3-12 Unit No. 1 Well on a 640-acre unit comprised of West Half of Section 3 and East Half of Section 4, Township 7 North, Range 17 West, Covington County, Mississippi, in the McRaney Field as a Hosston test with the primary goal of obtaining production from the Hosston-Booth and/or Sligo formations. The Ady well was not productive from the Hosston-Booth or Sligo Formations, however, it is capable of commercial production from a Hosston-Harper Sand Gas Pool (hereby defined as Second Harper Sand Gas Pool) at a rate of about 1,000 MCF a day.

4.

Tests conducted by Petitioner show that there is no communication between the Dale Well and the Ady Well in the Harper Sand and that the Harper Sand Gas Pool, as it exists in the Ady Well, is a separate and distinct pool from the Harper Sand Gas Pool as it exists in the Dale Well.

5.

The Special Field Rules for the McRaney Field should be amended so as to define two separate defined pools for the Harper Sand Gas Pool; one as it exists in the Dale Well (and Polk Well) and one as it exists in the Ady Well (and Evans and Page Wells), which separate pools are defined as follows:

The First Harper Sand Gas Pool of the Hosston Formation shall be construed to mean those strata of the Hosston group productive of gas in the interval between 15,282 feet and 15,324 feet measured depth as shown on the Dual Induction Laterolog, for the Joseph Dale 3-10 No. 2 Well, located in Section 3, Township 7 North, Range 17 West, Covington County, Mississippi, (McRaney Field) and all sands productive of gas correlative therewith.

The Second Harper Sand Gas Pool of the Hosston Formation shall be construed to mean those strata of the Hosston group productive of gas in the interval between 15,260 feet and 15,380 feet measured depth as shown on the Dual Induction Laterolog, for the B. D. Evans 10-7 No. 1 Well, located in Section 10, Township 7 North, Range 17 West, Covington County, Mississippi, (McRaney Field) and all sands productive of gas correlative therewith.

6.

The amended Special Field Rules for the McRaney Field will read in their entirety as set forth on Exhibit "A" attached hereto.

7.

Petitioner is the only operator in the McRaney Field.

8.

The granting of this Order will prohibit waste, protect and enforce the co-equal and correlative rights of the owners in the common reservoir so that all parties can obtain their just and equitable share of production and encourage full development.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the Special Field Rules have been amended for the McRaney Field as set forth above and on Exhibit "A" attached to the Petition and this Order and are here by adopted to the extent and in the manner set forth in said Exhibit "A" and that the said Exhibit "A" is hereby adopted as the Special Field Rules for the McRaney Field.

ORDERED AND ADJUDGED this the 28<sup>th</sup> day of June, 2002.

MISSISSIPPI STATE OIL AND GAS BOARD

By: Joseph J. Guasco  
CHAIRMAN

Submitted by:

W. Eric West  
Mississippi Bar No. 7116  
McDAVID, NOBLIN & WEST  
840 Trustmark Building  
247 East Capitol Street  
Jackson, Mississippi 39201  
(601) 948-3305

## EXHIBIT "A"

### SPECIAL FIELD RULES FOR McRANEY FIELD, COVINGTON AND JEFFERSON DAVIS COUNTIES, MISSISSIPPI

---

McRaney Field, as used herein, is that area consisting of the following described lands, to-wit:

Sections 2, 3, 4, 10 and 11, Township 7 North, Range 17 West, Covington and Jefferson Davis Counties, Mississippi, together with all producing extensions thereof underlain by the Hosston and Sligo Formations, as below described.

The Diffrient Sand Gas Pool of the Sligo Formation shall be construed to mean those strata of the Sligo group productive of gas in the interval between 14,717 feet and 15,202 feet measured depth, as shown on the Dual Induction Laterolog, for the M. E. Page 4-7 No. 1 Well located in Section 4, Township 7 North, Range 17 West, Covington County, Mississippi, (McRaney Field), and all sands productive of gas correlative therewith.

The First Harper Sand Gas Pool of the Hosston Formation shall be construed to mean those strata of the Hosston group productive of gas in the interval between 15,282 feet and 15,324 feet measured depth as shown on the Dual Induction Laterolog, for the Joseph Dale 3-10 No. 2 Well, located in Section 3, Township 7 North, Range 17 West, Covington County, Mississippi, (McRaney Field) and all sands productive of gas correlative therewith.

The Second Harper Sand Gas Pool of the Hosston Formation shall be construed to mean those strata of the Hosston group productive of gas in the interval between 15,260 feet and 15,380 feet measured depth as shown on the Dual Induction Laterolog, for the B. D. Evans 10-7 No. 1 Well, located in Section 10, Township 7 North, Range 17 West, Covington County, Mississippi, (McRaney Field) and all sands productive of gas correlative therewith.

The Booth Sand Gas Pool of the Hosston Formation shall be construed to mean those strata of the Hosston group productive of gas in the interval between 15,445 feet and 15,776 feet measured depth, as shown on the Dual Induction Laterolog of the Joseph Dale 3-10 No. 2 Well, located in Section 3, Township 7 North, Range 17 West, Covington County, Mississippi, (McRaney Field) and those sands productive of gas correlative therewith.

The above described gas pools are each separate and distinct reservoirs and not in communication with any other reservoirs or producing formations, pools or horizons. The characteristics of the Hosston and Sligo Formations in said field are such that a well located as hereinafter described and drilled upon a drilling unit, containing approximately 640 contiguous surface acres conforming to the requirements of the rules herein contained will efficiently drain and produce a recoverable hydrocarbon from such units in said pool without avoidable waste.

**Rule 1** - Spacing of gas wells. Every well drilled as a gas well:

- (a) Shall be located on a drilling unit consisting of six hundred forty (640) contiguous surface acres; or

A governmental section containing not less than six hundred (600) acres or more than six hundred eighty (680) acres; or

Sixteen (16) contiguous governmental quarter quarter sections whose total acreage is not less than six hundred (600) acres or more than six hundred eighty (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 5,580 feet by 6,245 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** - Applicability of statewide rules.

- (a) All rules and regulations contained in statewide Order No. 201-51, and any 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.