

RE: PETITION OF TEXSTAR PETROLEUM, INC.  
FOR AUTHORITY TO AMEND THE SPECIAL  
FIELD RULES OF EAST MORGANTOWN  
FIELD, MARION COUNTY, MISSISSIPPI

OCT 6 - 1998

STATE OIL AND GAS BOARD  
WALTER BOONE, SUPERVISOR

DOCKET NO. 289-98-467

ORDER NO. 427-98

ORDER

THIS MATTER came on for hearing before the State Oil and Gas Board on the Petition of Texstar Petroleum, Inc. to amend the Special Field Rules for East Morgantown Field, such hearing being called for such purpose; and

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

WHEREAS, pursuant to said notice and service of process, public hearing was held by said Board, in the hearing room, 500 Greymont Avenue, Suite E, Jackson, Mississippi, commencing on September 16, 1998, at which hearing all persons present who desired to be heard on said matter were heard and all testimony and evidence were duly considered by those present at said meeting; and

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

1. By Order No. 266-97, Docket No. 184-97-467, effective July 16, 1997, Petitioner drilled its Board of Education 16-14 No. 1 Well to a total depth of 21,224 feet in East Morgantown Field, Marion County, Mississippi. This well has now been completed in and is producing as a gas well from the Hosston Formation.

2. Petitioner has discovered a new gas pool not in communication with any other previously defined gas pool in East Morgantown Field and that said gas pool should be defined and spacing established therefore. Petitioner has proposed to name this new gas pool the Second Hosston Gas Pool and define it as follows:

**The Second Hosston Gas Pool in the East Morgantown Field** shall be considered to mean those strata productive of gas and condensate in the interval between the depth of 15,954 and 15,996 feet as indicated on the Dual Induction Focused Log of the Texstar Petroleum, LLC. - Board of Education 16-14 No. 1 Well, located 500 feet from the South line and 1500 feet from the West line of Section 16, Township 4 North, Range 13 East, Marion County, Mississippi, and all correlative intervals in communication therewith.

3. Petitioner has further shown that the reservoir characteristics and initial production information indicate that the Second Hosston Gas Pool, can be effectively and efficiently drained on 640 acre spacing and should be developed on drilling units of 640 acres consistent with the existing Special Field Rules for East Morgantown Field.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules of East Morgantown Field, Marion County, Mississippi shall be and are hereby amended to read as follows:

**SPECIAL FIELD RULES FOR  
EAST MORGANTOWN FIELD  
MARION COUNTY, MISSISSIPPI**

A. The East Morgantown Field, as used herein, is that area consisting of the following described land as underlain by the First Hosston Gas Pool, the Second Hosston Gas Pool, the Harper Sand Gas Pool, the Booth Sand Gas Pool, the Fifth Hosston Gas Pool, the Sixth Hosston Gas Pool and the Ivy Sand Gas Pool and, and all productive extensions thereof:

Township 5 North, Range 19 West  
Section 33 and W 1/2 Section 34;

Township 4 North, Range 13 East  
Sections 8, 9, 15, 16, 17, 21, 22, 24, 27,  
34, 35, W 1/2 Section 26, and N 1/2  
Section 28;

Township 4 North, Range 19 West  
Sections 3, 4, 9, 10, 11, 14, 23, 25, 26, W  
1/2 W 1/2 Section 13, and W 1/2 Section  
24;

All of the above described lands are located in Marion County, Mississippi.

B. **The First Hosston Gas Pool in the East Morgantown Field** shall be considered to mean those strata productive of gas and condensate in the interval between the depth of 15,949 and 16,000 feet as indicated on the Dual Induction-Laterlog of the Florida

Exploration Company - Fannie B. Carlisle 406 No. 1 Well, located 1700 feet from the West line and 1500 feet from the North line of Section 4, Township 4 North, Range 19 West, Marion County, Mississippi, and all correlative intervals in communication therewith. (Order No. 134-80).

C. **The Second Hosston Gas Pool in the East Morgantown Field** shall be considered to mean those strata productive of gas and condensate in the interval between the depth of 15,954 and 15,996 feet as indicated on the Dual Induction Focused Log of the Texstar Petroleum, LLC. - Board of Education 16-14 No. 1 Well, located 500 feet from the South line and 1500 feet from the West line of Section 16, Township 4 North, Range 13 East, Marion County, Mississippi, and all correlative intervals in communication therewith.

D. **The Harper Sand Gas Pool in the East Morgantown Field** shall be considered to mean those strata productive of gas and condensate in the interval between the depth of 16,046 and 16,079 feet as indicated on the Dual Induction-Laterlog of the Tomlinson Interests, Inc. - Board of Education No. 1 Well, located 1500 feet from the East line and 500 feet from the South line of Section 16, Township 4 North, Range 13 East, Marion County, Mississippi, and all correlative intervals in communication therewith. (Order No. 248-79)

E. **The Booth Sand Gas Pool of the Hosston Formation of the East Morgantown Field** shall be considered those strata productive of gas and condensate in the interval between the depth of 16,502 feet and 16,530 feet as indicated on the Dual Induction-Laterlog of the Tomlinson Interests, Inc. - Jerry Thornhill No. 1 Well, located 991 feet from the West line and 2507 feet from the South line of Section 22, Township 4 North, Range 13 East, Marion County, Mississippi, and all correlative intervals in communication therewith. (Order No. 344-79).

F. **The Fifth Hosston Gas Pool of the East Morgantown Field** shall be considered those strata productive of gas and condensate in the interval between the depth of 16,497 feet and 16,540 feet as indicated on the Dual Induction-Laterlog of the Tomlinson Interests, Inc. - Board of Education No. 1 Well, located 1500 feet from the East line and

500 feet from the South line of Section 16, Township 4 North, Range 13 East, Marion County, Mississippi, and all correlative intervals in communication therewith. (Order No. 248-79).

G. **The Sixth Hosston Gas Pool in the East Morgantown Field** shall be considered to mean those strata productive of gas and condensate in the interval between the depth of 16,658 feet and 16,690 feet as indicated on the Dual Induction-Laterlog of the Getty Oil Company - Buckley 33-6 Well No. 1, located 1980 feet from the North line and 1980 feet from the West line of Section 33, Township 5 North, Range 19 West, Marion County, Mississippi, and all correlative intervals in communication therewith. (Order No. 248-80).

H. **The Ivy Sand Gas Pool in the East Morgantown Field** shall be considered to mean those strata productive of gas and condensate in the interval between the depth of 16,200 feet and 16,234 feet as indicated on the Dual Induction-Laterlog of the Getty Oil Company-Dawson 33-14 No. 1 Well, located 1,750 feet from the West line and 850 feet from the South line of Section 33, Township 5 North, Range 19 West, Marion County, Mississippi.

**RULE 1: SPACING OF GAS WELLS**

A. With respect to the First Hosston Gas Pool, the Second Hosston Gas Pool, the Harper Sand Gas Pool, the Booth Sand Gas Pool, the Fifth Hosston Gas Pool, the Sixth Hosston Gas Pool and the Ivy Sand Gas Pool, every gas well:

(1) shall be located on a drilling unit consisting of (i) 640 contiguous surface acres or (ii) a governmental section containing not less than 600 acres or more than 680 acres or (iii) 16 contiguous governmental quarter-quarter sections containing not less than 600 acres or more than 680 acres;

(2) any gas drilling unit not in a governmental section must be completely encompassed by a perimeter of a rectangle 5,580 feet by 6,245 feet provided, however, no unit shall be permitted which will create island acreage;

(3) each well shall be located at least 3,000 feet from every other drilling well or well completed in or producing from the same pools located in conformity with these rules; and;

(4) each well shall be located not less than 1,500 feet from every exterior boundary of the drilling unit.

B. No portion of the drilling unit upon which a well is located shall be attributed, in whole or in part, to any other well being drilled in or producing from the same pool.

**RULE 2: PRODUCTION ALLOWED**

Gas and condensate may be produced from the First Hosston Gas Pool, the Second Hosston Gas Pool, the Harper Sand Gas Pool, the Booth Sand Gas Pool, the Fifth Hosston Gas Pool, the Sixth Hosston Gas Pool and the Ivy Sand Gas Pool, East Morgantown Field.

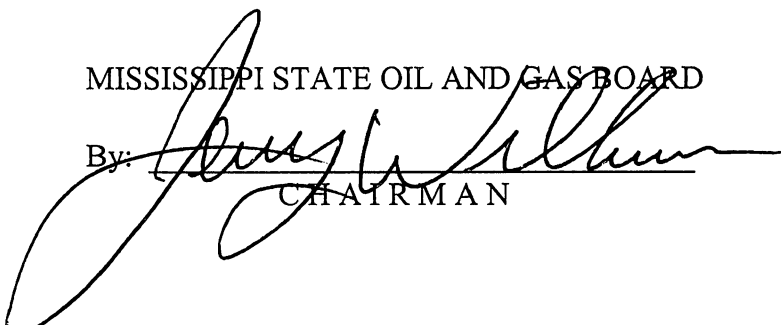
**RULE 3: APPLICABILITY OF STATEWIDE RULES**

A. All rules and regulations contained in Statewide Order No. 201-51, and all effective 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.

ORDERED AND ADJUDGED this 29<sup>th</sup> day of September, 1998, effective September 16, 1998.

MISSISSIPPI STATE OIL AND GAS BOARD

By:   
CHAIRMAN

SUBMITTED BY:

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