

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF EOG RESOURCES, INC. TO
AMEND THE SPECIAL FIELD RULES FOR THE
SOUTH MORGANTOWN FIELD, MARION
COUNTY, MISSISSIPPI

FILED FOR RECORD

JAN 03 2007

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 482-2006-476

ORDER NO. 818-5006

FINAL ORDER

THIS CAUSE came to be heard on the Petition of EOG Resources, Inc. ("Petitioner") requesting the Board to amend the Special Field Rules for the South Morgantown Field in Marion County, Mississippi; 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 required by 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, a public hearing was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on December 20, 2006, at 10:00 o'clock a.m. at which hearing all persons present who desired to be heard on said matter were heard and all testimony and the 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.

Petitioner is the current operator of the Denmiss 19-9 No. 1 Well ("the Well") which is completed in a zone which is an undefined Hosston Gas Pool in perforations from 16,572 to 16,595 feet, 16,601 feet to 16,012 feet, 16,646 feet to 16,655 feet, and 16,664 feet to

16,668 feet.

2.

The Special Field Rules currently define two gas pools, the Harper Sand Gas Pool and the Ivy Sand Gas Pool. Petitioner believes that two additional pools should be defined as follows:

- (1) The Lower Hosston Sand Gas Pool to include those strata of the Hosston Formation productive of gas and condensate in the interval between 16,572 to 16,595 feet, 16,601 feet to 16,012 feet, 16,646 feet to 16,655 feet, and 16,664 feet to 16,668 feet as indicated on the dual induction log of the EOG Resources - Denmiss 19-9 No. 1 Well located 58 feet from the East line and 1,515 feet from the South line of Section 19, Township 4 North, Range 13 East, Marion County, Mississippi and all correlative intervals in communication therewith.
- (2) The Upper Hosston Sand Gas Pool includes those strata of the Hosston Formation productive of gas and condensate in the interval between 15,816 feet and 15,826 feet as indicated on the dual induction log of the EOG Resources - Denmiss 19-9 No. 1 Well located 58 feet from the East line and 1,515 feet from the South line of Section 19, Township 4 North, Range 13 East, Marion County, Mississippi and all correlative intervals in communication therewith.

This Well is located within the geographic boundary of the Field. Special Field Rules for the Field were adopted for this Field in Docket No. 137-81-476, Order No. 190-81.

3.

The amendment to the Special Field Rules for the Pools in the Field, Marion County, Mississippi promotes conservation, protects the co-equal and correlative rights of all owners in interest, avoids the drilling of unnecessary wells and permits oil and gas to be produced which would not otherwise be recoverable.

IT IS, THEREFORE, FINALLY ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that the Special Field Rules for the S. Morgantown Field shall be and hereby are amended as follows:

**SPECIAL FIELD RULES
FOR THE SOUTH MORGANTOWN FIELD
MARION COUNTY, MISSISSIPPI**

- A. The South Morgantown Field, as used herein, is that area consisting of the

following described land as underlain by the Diffrient Sand Oil Pool, the Harper Sand Gas Pool and the Ivy Sand Gas Pool of the Hosston Formation and all productive extensions thereof:

Township 4 North, Range 13 East:

Section 18: S³/₄
Section 19: All
Section 20: S³/₄
Section 29: All
Section 30: All
Section 31: All
Section 32: All

Township 3 North, Range 13 East:

Section 5: N¹/₄
Section 6: N¹/₄

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

B. The Diffrient Sand Oil Pool in the South Morgantown Field shall be considered to mean those strata of the Hosston Formation productive of oil in the interval between the depths of 16,142 to 16,178 feet and 16,200 feet and 16,214 feet as indicated on the Dual Induction - Spherically Focused Log of The Louisiana Land and Exploration Company - John H. Hauberg No. 1 well, located 1357 feet North and 2337 feet East of the southwest corner of Section 19, Township 4 North, Range 13 East, Marion County, Mississippi, and all correlative intervals in communication therewith.

C. The Harper Sand Gas Pool in the South Morgantown Field shall be considered to mean those strata of the Hosston Formation productive of gas and condensate in the interval between the depths of 16,338 and 16,366 feet as indicated on the Dual Induction Spherically Focused Log of The Louisiana Land and Exploration Company - John H. Hauberg No. 1 well, located 1357 feet North and 2337 feet East of the southwest corner of Section 19, Township 4 North, Range 13 East, Marion County, Mississippi, and all correlative intervals in communication therewith.

D. The Ivy Sand Gas Pool in the South Morgantown Field shall be considered to

mean those strata of the Hosston Formation productive of gas and condensate in the interval between the depths of 16,658 and 16,708 feet as indicated on the Dual Induction Spherically Focused Log of The Louisiana Land and Exploration Company - John H. Hauberg No. 1 Well, located 1357 feet North and 2337 feet East of the southwest corner of Section 19, Township 4 North, Range 13 East, Marion county, Mississippi, and all correlative intervals in communication therewith.

E. The Lower Hosston Sand Gas Pool includes those strata of the Hosston Formation productive of gas and condensate in the interval between 16,572 to 16,595 feet, 16,601 feet to 16,612 feet, 16,646 feet to 16,655 feet, and 16,664 feet to 16,668 feet as indicated on the dual induction log of the EOG Resources - Denmiss 19-9 No. 1 Well located 58 feet from the East line and 1,515 feet from the South line of Section 19, Township 4 North, Range 13 East, Marion County, Mississippi and all correlative intervals in communication therewith.

F. The Upper Hosston Sand Gas Pool which shall be considered to mean those strata of the Hosston Formation productive of gas and condensate in the interval between 15,816 feet and 15,826 feet as indicated on the dual induction log of the EOG Resources - Denmiss 19-9 No. 1 Well located 58 feet from the East line and 1,515 feet from the South line of Section 19, Township 4 North, Range 13 East, Marion County, Mississippi and all correlative intervals in communication therewith.

Rule 1 - Spacing of Oil Wells

(a) With respect to the Diffrient Sand Oil Pool, every oil well:

(1) shall be located on a drilling unit consisting of eighty (80) surface contiguous acres, or two governmental quarter-quarter sections containing not less than seventy-two (72) acres or more than eighty-eight (88) acres, upon which no other drilling or producible well is located;

(2) any drilling unit not composed of two governmental quarter-

quarter sections must be completely encompassed by the perimeter of a rectangle 1600 feet by 2725 feet. Provided, however, no unit shall be permitted which will create island acreage;

(3) the well shall be located at least 1,000 feet from every other drilling or producible well located in conformity with this rule; and

(4) the well shall be located at least 500 feet from every exterior boundary of the drilling unit.

Rule 2 - Spacing of Gas Wells

(a) With respect to the Harper Sand Gas, the Ivy Sand, the Upper Hosston, and the Lower Hosston Gas Pools, 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 pool located in conformity with this rule; 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 3 - Applicability of Statewide Rules

All rules and regulations contained in Statewide Order 201-51, and all effective amendments thereto, not specifically covered in the foregoing Special Field Rules, are hereby adopted and shall apply to this field.

The Board expressly reserves the right, after notice and hearing, to alter, amend, or repeal any and all of the foregoing rules.

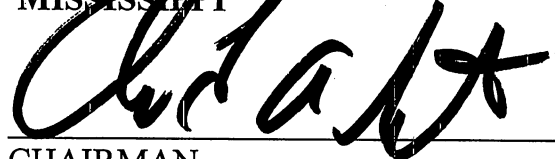
****End of Special Field Rules****

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after December 20, 2006.

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

ORDERED AND ADJUDGED this 3rd day of January, ²⁰⁰⁷2006.

STATE OIL AND GAS BOARD OF
MISSISSIPPI



CHAIRMAN

Prepared By:
William F. Blair
BLAIR & BONDURANT, P.A.
Post Office Box 321423
Jackson, MS 39232
(601) 992-4477 - Telephone
(601) 992-9189 - Telecopier