

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI
FILED FOR RECORD

RE: PETITION OF BEAN RESOURCES, INC. TO
AMEND SPECIAL FIELD RULES FOR PINE
GROVE FIELD IN JONES COUNTY,
MISSISSIPPI, AND OBTAIN RELATED
RELIEF

SEP 08 2010
STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 297-2010-872

ORDER NO. 500-2010

ORDER

THIS CAUSE came on for hearing this day on the Petition of Bean Resources, Inc. to amend the Special Field Rules for Pine Grove Field in Jones County, Mississippi. The Board having considered the Petition and the Affidavits filed in support of the Petition finds as follows:

I.

Petitioner is the Operator and the majority owner in all of the wells located in the Pine Grove Field which are currently producing from the Lower Hosston Formation Oil Pool.

II.

The Special Field Rules for the Pine Grove Field were last adopted and amended in Docket 293-2005-872, pursuant to Order No. 497-2005, entered November 16, 2005. This particular Order expanded the Field; further defined the Upper Hosston Formation Oil Pool, Lower Hosston Formation Oil Pool, Sligo Formation Oil Pool and Paluxy Formation Oil Pool; and created 160-acre spacing for all said pools except for the Paluxy.

III.

Petitioner seeks authority to allow up to two (2) increased density wells per 160-acre spacing in the Lower Hosston Formation Oil Pool as currently defined. The Lower Hosston Formation Oil Pool, is currently defined as follows:

“The Lower Hosston Formation Oil Pool in Pine Grove Field is defined as those strata of the Hosston Formation productive of oil and other hydrocarbons in the interval between the measured depths of 14,166 feet and 15,485 feet in the Bean Resources, Inc.-Price Well No. 1, as indicated on the Induction/Gamma Ray Log of that well, and including those strata productive of oil and other hydrocarbons which can be correlated therewith and are in communication therewith, said well being located in the SW/4 of SW/4, Section 10, Township 7 North, Range 13 West, Jones County, Mississippi.”

IV.

Six (6) wells in the Pine Grove Field are currently producing from the Lower Hosston Formation Oil Pool, including the Price Well No. 1 and Gandy Heirs 10-11 No. 1 Wells. Using established practice of volumetric calculations, the existing Lower Hosston Formation Oil Wells in the Pine Grove Field do not and have not drained 160 acres. The resulting drainage area for the Lower Hosston Oil wells is 80 acres. Utilizing the Estimated Ultimate Reserve (EUR) for each well, the petrophysical properties determined from log analysis, reservoir pressure and temperature, and applying appropriate petroleum engineering formulas, it is apparent that the aforementioned oil wells in the field are only draining 80 acres versus 160 acres as now permitted. The previous wells drilled and produced from the Lower Hosston Formation Oil Pool generally exhibit low permeability to result in smaller drainage areas around the wells. Further, the porosity zones appear to come and go throughout the field and are, in many cases, not inter-connected so that drainage areas are small.

V.

The Special Field Rules should be amended to allow up to two (2) increased density wells per unit for the Lower Hosston Formation Oil Pool as currently defined. The increased density wells are the best possible manner to produce additional oil and to protect the co-equal and correlative rights of all owners in the common source or supply.

VI.

Amendment of the Special Field Rules for Pine Grove Field would safeguard, protect and enforce the coequal and correlative rights of the owners of interest in the Field to the extent that each owner may obtain a just and equitable share of production.

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED that the proposed Amended Special Field Rules for Pine Grove Field as set in Exhibit "A" to this Order are adopted.

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

SO ORDERED this the 8th ^{September} day of ~~August~~, 2010.

MISSISSIPPI STATE OIL AND GAS BOARD

By: _____

Chairman

OF COUNSEL:

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EXHIBIT "A"

SPECIAL FIELD RULES FOR PINE GROVE FIELD
JONES COUNTY, MISSISSIPPI

A. FIELD AREA

The Pine Grove Field, as used herein, consists of the following lands:

TOWNSHIP 7 NORTH, RANGE 13 WEST, JONES COUNTY, MISSISSIPPI

- Section 3: The South One-Half (S/2)
- Section 4: The Southeast One-Quarter (SE/4)
- Section 9: The East One-Half (E/2)
- Section 10: All
- Section 15: The Northwest One-Quarter (NW/4) and the Northwest One-Quarter of the Southwest One-Quarter
- Section 16: All

B. POOL DEFINITIONS

1. Paluxy Formation Oil Pool. The Paluxy Formation Oil Pool in Pine Grove Field shall be construed to mean those strata of the Paluxy Formation productive of oil in the interval between the measured depths of 10,800 and 10,900 feet in the Bean Resources, Inc. (formerly Miller Exploration Company)-Price No. 1 Well, as indicated on the electric log of that well, and including those strata productive of oil and other hydrocarbons which can be correlated therewith and are in communication therewith, said well being located in the Southwest One-Quarter of the Southwest One-Quarter of Section 10, Township 7 North, Range 13 West, Jones County, Mississippi.

2. Sligo Formation Oil Pool. The Sligo Formation Oil Pool in Pine Grove Field is defined as those strata of the Sligo Formation productive of oil and other hydrocarbons in the interval between the measured depths of 12,970 feet and 13,245 feet in the Bean Resources, Inc. (formerly Miller Exploration Company)-Price No. 1 Well, as indicated on the Induction/Gamma Ray Log of that well, and including those strata productive of oil and other hydrocarbons which can be correlated therewith and are in communication therewith, said well being located in the Southwest One-Quarter of the Southwest One-Quarter of Section 10, Township 7 North, Range 13 West, Jones County, Mississippi.

3. The Upper Hosston Formation Oil Pool. The Upper Hosston Formation Oil Pool in Pine Grove Field is defined as those strata of the Hosston Formation productive of oil and other hydrocarbons in the interval between the measured depths of 13,245 feet and 14,150 feet in the Bean Resources, Inc. (formerly Miller Exploration Company)-Price No. 1 Well 1, as indicated on the Induction/Gamma Ray Log of that well, and including those strata productive of oil and other hydrocarbons which can be correlated therewith and are in communication therewith, said well being located in the Southwest One-Quarter of the Southwest One-Quarter of Section 10, Township 7 North, Range 13 West, Jones County, Mississippi.

4. The Lower Hosston Formation Oil Pool. The Lower Hosston Formation Oil Pool in Pine Grove Field is defined as those strata of the Hosston Formation productive of oil and other hydrocarbons in the interval between the measured depths of 14,166 feet and 15,485 feet in the Bean Resources, Inc.

(formerly Miller Exploration Company)-Price No. 1 Well, as indicated on the Induction/Gamma Ray Log of that well, and including those strata productive of oil and other hydrocarbons which can be correlated therewith and are in communication therewith, said well being located in the Southwest One-Quarter of the Southwest One-Quarter of Section 10, Township 7 North, Range 13 West, Jones County, Mississippi.

C. SPACING

1. Every well drilled to or completed in the Paluxy Formation Oil Pool as an oil well:

(a) Shall be located on a drilling unit of two contiguous quarter-quarter sections containing not less than 72 nor more than 88 acres, or on a drilling unit consisting of 80 contiguous surface acres upon which no other well drilling to or producing from the same pool is located.

(b) Any drilling unit not composed of two contiguous quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 1600 feet by 2725 feet; provided that no unit shall be permitted which will create island acreage.

(c) The well shall be located at least 880 feet from every other well drilling to or completed in the same pool located in conformity with this rule.

(d) The well shall be located at least 330 feet from every exterior boundary of the drilling unit.

2. Every well drilled to or completed in the Sligo Formation Oil Pool, Upper Hosston Formation Oil Pool or the Lower Hosston Formation Oil Pool as an oil well:

(a) Shall be located on a drilling unit of 4 contiguous quarter-quarter sections containing not less than 144 nor more than 176 acres, or a unit containing 160 contiguous surface acres, upon which no other well drilling to or producing from the same pool is located.

(b) Any drilling unit not composed of four contiguous quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 2640 feet x 3500 feet; provided, however, no unit shall be permitted which will create island acreage.

(c) Each well shall be located at least 1000 feet from every well drilling to or completed in the same pool located in conformity with this rule.

(d) Each well shall be located not less than 500 feet from every exterior boundary of the drilling unit.

(e) As to the Lower Hosston Formation Oil Pool, each 160 acre oil unit may contain up to two (2) producing wells.

D. APPLICABILITY OF STATEWIDE RULES

1. All rules and regulations contained in Statewide Order No. 201-51, and any amendment thereto, not specifically covered by the foregoing Special Field Rules are hereby adopted and shall apply to said Field.

2. 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 -