

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

FILED FOR RECORD

RE: PETITION OF CONTINENTAL RESOURCES, INC.  
FOR AUTHORITY TO AMEND SPECIAL FIELD  
RULES FOR SMITH CREEK FIELD, LEE AND  
MONROE COUNTIES, MISSISSIPPI

DEC 17 2003

STATE OIL AND GAS BOARD  
WALTER BOONE, SUPERVISOR

DOCKET NO. 419-2003-881

ORDER NO. 602 2003

ORDER

THIS MATTER came on for hearing before the State Oil and Gas Board on the Petition of Continental Resources, Inc. to amend the Special Field Rules for Smith Creek 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 November 19, 2003, 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. Pursuant to Permit No. 2004-WOP-014 issued August 4, 2003, Petitioner drilled its Scruggs 26-13 No. 2 Well at a regular location on a 320-acre gas unit. Said well was drilled to a total depth of 2446 feet, encountering productive intervals in the Evans and Lewis Sands.
2. Based on evidence provided from this well and Petitioner's Scruggs 26-13 No. 1 well, the Evans Gas Sand and the Lewis Gas Sand as encountered within Smith Creek Field appear to be very low-pressure gas sands that are productive in only limited volumes due to the low pressure of these formations.
3. Because of the nature and characteristics of the Evans Gas Sand and the Lewis Gas Sand and in order to ensure the continued orderly development of this field it is necessary to amend the special field rules for Smith Creek Field to expand the geographical limits of said

Field and to redefine the spacing for gas wells allowing up to two (2) wells per 320-acre unit so as to maximize the recovery of gas, gas condensate and gaseous hydrocarbons from the field.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Special Field Rules of Smith Creek Field, Lee and Monroe Counties, Mississippi shall be and are hereby amended to read as follows:

**SPECIAL FIELD RULES  
SMITH CREEK FIELD  
LEE AND MONROE COUNTIES, MISSISSIPPI**

**FIELD LIMITS:**

Field Limits for the Smith Creek Field as used herein shall be defined as that area consisting of the following described areas:

**LEE COUNTY, MISSISSIPPI**

**Township 11 South, Range 6 East**

All of Sections 21, 22, 27, & 28 and the W 1/2 of Section 26.

**MONROE COUNTY, MISSISSIPPI**

**Township 11 South, Range 6 East**

Section 34: N 1/2

Section 35: NW 1/4

And all productive extensions thereof.

**EVANS SAND GAS POOL DEFINED:**

The Evans Sand Gas Pool in Smith Creek Field shall be construed to mean those strata of the Evans Sand productive of gas in the interval between 2094'-2118' as indicated on the array induction log for the Continental Resources, Inc. – Scruggs 26-13 No. 1 Well, located in the SW 1/4 of Section 26, Township 11 South, Range 6 East, Lee County, Mississippi, and all intervals correlative to and/or connected with said strata.

**LEWIS SAND GAS POOL DEFINED:**

The Lewis Sand Gas Pool in Smith Creek Field shall be construed to mean those strata of the Lewis Sand productive of gas in the interval between 2284'-2353' as indicated on the array induction log for the Continental Resources, Inc. – Scruggs 26-13 No. 1 Well, located in the SW 1/4 of Section 26, Township 11 South, Range 6 East, Lee County, Mississippi, and all intervals correlative to and/or connected with said strata.

**RULE 1: SPACING OF GAS WELLS:**

As to each well drilled to and completed in the Evans Sand Gas Pool and the Lewis Sand Gas Pool:

- (a) Shall be located on a drilling unit consisting of (1) 320 contiguous surface acres; or (2) a governmental half-section containing not less than 300 acres or more than 340 acres; or (3) eight (8) contiguous governmental quarter-quarter sections whose total acreage is not less than 300 or more than 340 acres. The word "contiguous" as used herein shall mean bordering each other at more than one point;
- (b) Each gas well shall be located on a drilling unit upon which no more than one (1) other well drilling to or producing from the same gas sand is located.
- (c) The well shall be located at least 600 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule;
- (d) The well shall be located not less than 660 feet from every exterior boundary of the drilling unit; and
- (e) Each increased density well shall be granted a full allowable for production.

**RULE 2 – APPLICABILITY OF STATEWIDE RULES:**

(a) All rules and regulations contained in Statewide Order No. 201-51, and all amendments thereto, not specifically covered by 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 17th <sup>December</sup> ~~November~~ 2003, effective November 19, 2003.

MISSISSIPPI STATE OIL AND GAS BOARD

By: 

CHAIRMAN

OF COUNSEL:

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