

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

**RE: PETITION OF DENBURY RESOURCES INC.
TO AMEND THE SPECIAL FIELD RULES
FOR THE SMITHDALE AND WEST SMITHDALE
FIELDS TO BE CONSOLIDATED INTO THE
SMITHDALE FIELD, AMITE COUNTY, MISSISSIPPI**

FILED FOR RECORD

NOV - 7 2003

STATE OIL AND GAS BOARD
WALTER BOONE, SUPERVISOR

DOCKET NO. 300-2003-159

ORDER NO. 528-2003

ORDER

THIS CAUSE came to be heard on the Petition of Denbury Resources Inc. ("Petitioner") requesting a the Board to amend the Special Field Rules for the Smithdale Field in Amite County, Mississippi; and

WHEREAS, the Boards 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, pursuant to said Notice, a public hearing was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on October 29, 2003, at 9:30 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.

The Mississippi State Oil and Gas Board previously approved the establishment of Special Field Rules for the Smithdale Field, Amite County, Mississippi ("the Field"). The Special Field Rules were last adopted or amended in Docket No. 101-61-159, Order No. 155-

61. The Mississippi State Oil and Gas Board previously approved the establishment of Special Field Rules for the West Smithdale Field, Amite County, Mississippi. Those Special Field Rules were last adopted or amended in Docket No. 95-71-327, Order No. 124-71. Since the date of the Special Field Rules for the Smithdale and West Smithdale Fields were adopted, production has ceased. One of the purposes of this Petition is to consolidate the Special Field Rules for the Smithdale and West Smithdale Fields into one Field, hereinafter to be known as the Smithdale Field. The proposed Amended Special Field Rules establish the geographic limits of the Field and defined the Lower Tuscaloosa Pool ("the Pool") within the Field and prescribed certain spacing requirements applicable to wells drilled and completed in said Pool. The purpose of this Petition is to amend Special Field Rules for the compulsory unit known as the Smithdale Field Unit.

2.

The Special Field Rules are being hereby amended to establish the Lower Tuscaloosa Pool as a distinct oil pool for purposes of secondary recovery under the provisions of Miss. Code Ann. § 53-3-109.

3.

In Docket No. 299-2003-159 presently granted by the Board, Petitioner established a compulsory unit to include lands described as:

AMITE COUNTY, MISSISSIPPI
TOWNSHIP 3 NORTH, RANGE 6 EAST

Section 3

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4

TOWNSHIP 4 NORTH, RANGE 6 EAST

Section 8

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4

The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 9

The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4

Section 15

The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4

Section 16

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 17

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4

The SE/4 of the SE/4

Section 20

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 21

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 22

The NW/4 of the NW/4
The SW/4 of the NW/4
The NW/4 of the SW/4
The SW/4 of the SW/4

Section 26

The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4

Section 27

The NW/4 of the NW/4
The SW/4 of the NW/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4

The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 28

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 29

The NE/4 of the NE/4
The NW/4 of the NE/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 32

The NE/4 of the NE/4
The NW/4 of the NE/4
The SW/4 of the NE/4
The SE/4 of the NE/4

Section 33

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4

Section 34

The NE/4 of the NE/4

The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 35

The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4

4.

Since the fieldwide unit was established and approved, it is necessary that Special Field Rules for the Smithdale Field be adopted to establish spacing and production allocation requirements applicable to said unit. In addition, it will be necessary that said Special Field Rules be adopted to provide rules for the operation of said unit for secondary recovery, pressure maintenance, repressuring operations, cycling operations, water flooding operations, the injection of extraneous substances, or any combination thereof, or any other form of joint effort calculated to substantially increase the ultimate recovery of oil or gas, or both, from said fieldwide unit.

5.

The Special Field Rules for the Field should be amended if the owners in interest ratify the new unit as required by statute.

The amended Special Field Rules for the Smithdale and West Smithdale Fields, Pike County, Mississippi will promote conservation, will prevent waste, will avoid the drilling of unnecessary wells, and will fully protect the co-equal and correlative rights of all parties in interest and will result in the recovery of more oil, gas and other hydrocarbons from said field.

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

**AMENDED SPECIAL FIELD RULES
SMITHDALE FIELD
AMITE COUNTY, MISSISSIPPI**

A. FIELD AREA

The Smithdale Field, as used herein, is comprised of the following lands:

TOWNSHIP 3 NORTH, RANGE 6 EAST

Section 3

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4

TOWNSHIP 4 NORTH, RANGE 6 EAST

Section 8

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 9

The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4

Section 15

The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4

Section 16

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 17

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 20

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4

The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 21

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 22

The NW/4 of the NW/4
The SW/4 of the NW/4
The NW/4 of the SW/4
The SW/4 of the SW/4

Section 26

The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4

Section 27

The NW/4 of the NW/4
The SW/4 of the NW/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 28

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 29

The NE/4 of the NE/4
The NW/4 of the NE/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 32

The NE/4 of the NE/4
The NW/4 of the NE/4
The SW/4 of the NE/4
The SE/4 of the NE/4

Section 33

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4

Section 34

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4

The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 35

The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4

including all productive extensions thereof.

(1) **The Lower Tuscaloosa Pool** as used herein, shall be construed to mean those strata of the Lower Tuscaloosa Formation productive or formerly productive of oil and gas from the depth of 10,950 feet to a depth of 11,270 feet, as measured by the induction-electrical log run on April 11, 1960, in the Larco Drilling Co., Paul A. Dykes et al No. 1 Well, in the SW 1/4 of the NE 1/4 of Section 21, Township 4 North, Range 6 East, Amite County, Mississippi, including those strata productive of oil and gas which can be correlated therewith.

B. RULES

RULE 1 - SPACING OF OIL WELLS

(1) Every well drilled and completed in the Lower Tuscaloosa Pool located within the Unit Area of the Smithdale Field Unit shall be located not less than 100 feet from any exterior boundary of any Unit boundary with the operator being granted the flexibility of drilling, completing and operating, upon approval of the Supervisor, as many wells as deemed necessary by the operator and the Oil and Gas Board Supervisor for the efficient operation of said Units. When a well is drilled at any location less than 100 feet from any exterior boundary of the Unit Area, a directional survey shall be run and submitted to the Board prior to the issuance of an allowable.

(2) The characteristics of Lower Tuscaloosa Pool in said Field are such that any well located in said Pool that is not within the Smithdale Field Unit, as hereinabove prescribed, shall be drilled upon a drilling unit consisting of 80 contiguous surface acres, or two governmental quarter-quarter sections containing not less than 72 acres or more than 88 acres upon which no other drilling or producing well is located. The 80 acre spacing shall not apply to any existing unit which is presently located on a 40 acre unit. Any drilling unit not composed of two governmental quarter-quarter sections must be completely encompassed by the perimeter of a rectangle 1,600 feet by 2,725 feet. Such wells shall be located at least 660 feet from every other drilling or producible well located in conformity with this rule and not less than 330 feet from every exterior boundary of the individual drilling unit.

RULE 2 - SMITHDALE FIELD UNIT

(1) The Smithdale Field Unit is that portion of the following lands lying within the Smithdale Field, underlain by the unitized portion of the Lower Tuscaloosa Pool ("Unitized Formation") and described as follows:

AMITE COUNTY, MISSISSIPPI
TOWNSHIP 3 NORTH, RANGE 6 EAST

Section 3

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4

TOWNSHIP 4 NORTH, RANGE 6 EAST

Section 8

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 9

The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4

Section 15

The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4

Section 16

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4

The SE/4 of the SE/4

Section 17

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 20

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 21

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 22

The NW/4 of the NW/4
The SW/4 of the NW/4
The NW/4 of the SW/4

The SW/4 of the SW/4

Section 26

The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4

Section 27

The NW/4 of the NW/4
The SW/4 of the NW/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 28

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 29

The NE/4 of the NE/4
The NW/4 of the NE/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 32

The NE/4 of the NE/4
The NW/4 of the NE/4
The SW/4 of the NE/4

The SE/4 of the NE/4

Section 33

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4

Section 34

The NE/4 of the NE/4
The NW/4 of the NE/4
The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The SE/4 of the NE/4
The NE/4 of the SE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4
The SE/4 of the SE/4

Section 35

The NE/4 of the NW/4
The NW/4 of the NW/4
The SW/4 of the NW/4
The SE/4 of the NW/4
The SW/4 of the NE/4
The NW/4 of the SE/4
The NE/4 of the SW/4
The NW/4 of the SW/4
The SW/4 of the SW/4
The SE/4 of the SW/4
The SW/4 of the SE/4

(2) "Unitization Formation" is the subsurface portion of the Unit Area described as those strata of the Tuscaloosa Formation, productive or formerly productive of oil and gas from the depth of 10,950 feet to a depth of 11,270 feet as measured by the induction-electrical log run on April 11, 1960, in the Larco Drilling Co., Paul A. Dykes et al No. 1 Well, in the SW 1/4 of the NE 1/4 of Section 21, Township 4 North, Range 6 East, Amite County, Mississippi, including those strata

productive of oil and gas which can be correlated therewith.

(3) Spacing of Wells in Smithdale Unit

(a) Notwithstanding any other provisions contained in these Special Field Rules, the location of injection and production wells in the Lower Tuscaloosa Pool shall be selected by the operator and shall be governed by the standards of geology and petroleum engineering designed to promote the greatest ultimate recovery of hydrocarbons contained in the pool. However, no well may be drilled, injected into or produced from said pool nearer than 100 feet from any exterior boundary of the fieldwide unit, except upon permit issued by the Mississippi State Oil and Gas Board, after notice and hearing.

(b) The operator may drill wells utilizing directional or horizontal drilling techniques designed to increase the ultimate recovery of hydrocarbons contained in the pool without notice and hearing; provided, however, that (a) no portion of the drainhole of any such well so drilled shall be nearer than 100 feet from any exterior boundary of the Unit, except upon permit issued by the Mississippi State Oil and Gas Board, after notice and hearing, and (b) the operator shall file a directional survey and other information required by rule or written policy of the Board after completion.

(4) Pressure Maintenance and Secondary Recovery Program Authorized

Denbury Resources Inc., as operator of the Unit, is hereby authorized to conduct and carry out secondary recovery, pressure maintenance, repressuring operations, cycling operations, water flooding operations, and the injection of extraneous substances in the Unit and any combination thereof, or any other form of joint effort calculated to substantially increase the ultimate recovery of oil or gas, or both, from the fieldwide unit as is authorized by the Plan of Unitization placed into effect by the Mississippi State Oil and Gas Board. The operator may use for injection purposes existing wells located in said Unit which may be converted to injection wells or wells may be drilled on said fieldwide unit for such purposes. Any such wells

drilled as injection wells or converted to injection wells by operator on the fieldwide unit as a part of pressure maintenance and/or secondary recovery operations may be approved by the Mississippi State Oil and Gas Board on administrative permit, without notice and hearing, upon the operator filing with the Board a duly executed FORM 2, the required permit fee for each such well, and all evidence and information required under Statewide Rule 63.

(5) Allocation of Production

The allowable for the Unit shall be established by the Mississippi State Oil and Gas Board. The Unit is hereby granted a temporary allowable of 5,000 barrels of oil per day until otherwise changed by the Board. The allowable production of the said fieldwide unit may be produced by any well or wells on said fieldwide unit; provided, however, that no well shall be operated in such a manner as to cause waste as defined by the Laws of the State of Mississippi.

(6) Surface Storage, Measurement and Transfer Systems

(a) The operator of the Unit may maintain such separators stock tanks, metering devices, connections and storage facilities as it deems necessary to accurately measure the total production from the fieldwide unit. Separate measurement or storage for the wells and leases within the fieldwide unit shall not be necessary.

(b) Automatic custody transfer systems which automatically test, sample, measure and transfer the production from the operator to the purchaser are hereby authorized in said fieldwide unit. Such systems, if used, will be equipped with a sampling device which will take a representative sample of the total production passing through the system in order that the specific gravity and basic sediment and water content can be determined. Each custody transfer system, if used, will be equipped with a volume displacement type metering device which registers the volume of oil passed through it in barrels or multiples thereof.

(c) Operator shall have the right to use surface storage,

measurement, and transfer systems of other fieldwide units in this area for all purposes so long as accurate measurement for production may be obtained.

RULE 6 - AMENDMENT OF SPECIAL FIELD RULES

The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any and all of the above rules and regulations, or to grant exceptions to all or any part thereof.

RULE 7 - APPLICABILITY OF STATEWIDE RULES

All rules and regulations contained in the Statewide Order No. 201-51, and any amendments thereto, are hereby adopted and shall apply to said field, to the extent not inconsistent with the above rules.

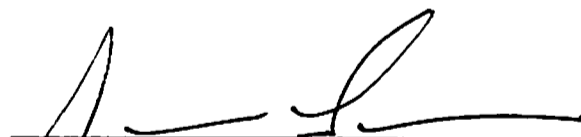
*** * * End of Special Field Rules * * ***

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after October 29, 2003.

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 6th day of November, 2003.

**STATE OIL AND GAS BOARD OF
MISSISSIPPI**



**JAMES W. SANDIFER
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