

BEFORE THE STATE OIL & GAS BOARD OF MISSISSIPPI

RE: PETITION OF MID SOUTH STORAGE SYSTEMS, LLC TO ESTABLISH THE WILSON CREEK GAS STORAGE FACILITY, AMEND THE SPECIAL FIELD RULES FOR WILSON CREEK FIELD, MONROE COUNTY, MISSISSIPPI, AND FOR RELATED RELIEF

FILED FOR RECORD

SEP 17 2008

STATE OIL AND GAS BOARD  
LISA IVSHIN, SUPERVISOR

DOCKET NO. 337-2008-748

ORDER NO. 509-2008

ORDER

THIS MATTER came on for hearing on the 20<sup>th</sup> day of August, 2008, on the Petition of Mid South Storage Systems, LLC (“Mid South”) to establish the Wilson Creek Gas Storage Facility, amend the Special Field Rules for Wilson Creek Field, Monroe County, Mississippi, and for related relief.

WHEREAS, a public hearing was held by said Board in the hearing room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on August 20, 2008, at which time all persons present who desired to be heard on said matter were heard and all testimony and evidence was duly considered by those present at said meeting; and

WHEREAS, the Board finds that proper, due and legal notice of the meeting of this Board for the purpose of considering and taking action with respect to such matter was given in the manner provided by law and the rules and regulations of this Board; that due, legal and sufficient proofs of publication are on file with the Board; and that the Board has full jurisdiction of the parties and subject matter to hear and determine same; and

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

1. That Petitioner owns rights to store natural gas in and under lands located in Wilson Creek Field, Monroe County, Mississippi. The Board should establish the “Wilson Creek Gas Storage Facility” as an “Underground Storage Facility” (Statewide Rule 67.1.F). The “Storage Area” (Statewide Rule 67.1.K) should be established to be the following described lands, all located in Monroe County, Mississippi:

TOWNSHIP 14 SOUTH, RANGE 18 WEST

Section 13: S1/2 of SE1/4

Section 24: NE1/4 and N1/2 of SE1/4; AND

TOWNSHIP 14 SOUTH, RANGE 17 WEST

Section 18: S1/2 of SW1/4

Section 19: NW1/4

2. That the “Reservoir” (Statewide Rule 67.1.B) that is to be used for the

injection, storage, and withdrawal of natural gas or compressed air is an underground reservoir, stratum or formation described as follows:

those certain geological strata or formations known as the Carter "B" Sand described as the interval between a measured depth of 3126 feet to a measured depth of 3152 feet as seen on the Density-Neutron Log of the Munoco – Clarence E. Smith 24-2 No. 1 Well located 1,100 feet from North line and 1,440 feet from East line of Section 24, T14S, R18W, Monroe County, Mississippi, and the stratigraphic equivalent thereof.

3. That the Reservoir is a porous stratum of the earth or porous zone of a general structure which is completely separated from any other porous zone and is capable of being used for underground storage of natural gas and/or air. The Reservoir has been depleted of commercial quantities of "Native Gas" and has a greater value or utility as a natural gas or compressed air storage reservoir for the purpose of insuring an adequate supply of natural gas or compressed air for consumers, or for the conservation of natural gas or compressed air, than for the production of the Native Gas which remains therein. The maximum allowable stabilized reservoir pressure is 1,719 psig. The maximum operating reservoir pressure is 2,291 psig. The minimum operating reservoir is 350 psig. The total reservoir capacity is 841.4 MMCF.

4. That the Reservoir is suitable and feasible for such use and in the public interest, and is not an oil reservoir capable of commercial production. Petitioner has obtained the consent in writing to such use by a majority of all interests in both the surface and in the underground stratum or formation. The use of the underground stratum as a reservoir for the storage of natural gas or compressed air will not contaminate other formations containing fresh water, oil, gas or other commercial mineral deposits. The proposed storage reservoir will not endanger lives or property.

5. That the proposed Underground Storage Facility will satisfy the requirements of Miss. Code Ann. Sections 53-2-151 *et seq.* and the Board's Statewide Rule 67. Among other factors, an engineer and/or a geologist experienced in the development and/or operation of an underground storage facility has performed an investigation to determine the feasibility of the proposed facility at the proposed site and in the Reservoir.

6. That the proposed Underground Storage Facility is in the public interest and the welfare of this state and is for a public purpose. The proposed Underground Storage Facility will promote the conservation of natural gas or compressed air, will permit the building of large quantities of natural gas or compressed air in reserve for orderly withdrawal in periods of peak demand, thereby making natural gas or compressed air more readily available to the consumer, and can provide more uniform withdrawal from various gas or oil fields.

7. That the existing Special Field Rules for Wilson Creek Field should be amended as provided in Exhibit "A" attached hereto. The proposed amendment to the Special Field Rules will prevent waste, protect the coequal and correlative rights of all owners in the field and area, and will afford Petitioner the opportunity to utilize the Reservoir for the purposes allowed by the applicable statutes and rules, thereby serving the public interest.

8. That the Board should appoint and designate Petitioner to be the operator of the Wilson Creek Gas Storage Field.

**IT IS, THEREFORE, ORDERED AND ADJUDGED** that the Wilson Creek Gas Storage Facility as an Underground Storage Facility be established, and the same is hereby authorized.

**IT IS FURTHER ORDERED AND ADJUDGED** that Petitioner is hereby authorized to use an underground reservoir within Wilson Creek Field as a reservoir for the injection, storage, and withdrawal of natural gas or compressed air, and that Petitioner is allowed to utilize, drill, equip, and operate wells to do so.

**IT IS FURTHER ORDERED AND ADJUDGED** that the Special Field Rules to Wilson Creek are hereby amended, as provided in Exhibit "A".

**IT IS FURTHER ORDERED AND ADJUDGED** that Petitioner, Mid South Storage Systems, LLC, is appointed and designated the operator of the Wilson Creek Gas Storage Field.

**SO ORDERED AND ADJUDGED** this the 17<sup>th</sup> day of September, 2008, but effective as of August 20, 2008.

**MISSISSIPPI STATE OIL AND GAS BOARD**

By: \_\_\_\_\_

~~DAVID A. SCOTT, CHAIRMAN~~

*JOHN R. PARKER, Vice Chairman*

Submitted By:

WATTS C. UELTSCHY, MSB #5758  
BRUNINI, GRANTHAM, GROWER & HEWES  
1400 Trustmark Bank Building  
Post Office Drawer 119  
Jackson, Mississippi 39205  
Telephone: (601) 948-3101

*ATTORNEY FOR PETITIONER,  
MID SOUTH STORAGE SYSTEMS, LLC*

**EXHIBIT "A"**

**AMENDED SPECIAL FIELD RULES  
FOR WILSON CREEK FIELD  
MONROE COUNTY, MISSISSIPPI**

**A. FIELD AREA:**

The Wilson Creek Field, as used herein, shall be that geographical area consisting of the following described lands:

**TOWNSHIP 14 SOUTH, RANGE 18 WEST**

Section 13,  
E/2 of Section 14,  
Section 24; AND

**TOWNSHIP 14 SOUTH, RANGE 17 WEST**

Section 18,  
W/2 of Section 19

And all productive extensions of the Millerella Sand Gas Pool as defined herein.

**B. POOL DEFINITIONS:**

The Millerella Sand Gas Pool in Wilson Creek Field shall be construed to mean those strata lying between 3100 – 3120 feet as shown on the electric log of the Munoco Company-Boyett 13-13 Well located in the SW/4 of Section 13, Township 14 South, Range 18 west, Monroe County, Mississippi, and all strata productive of gas correlative to and in communication therewith.

**C. WILSON CREEK GAS STORAGE FACILITY**

1. **Definitions.** The "Definitions" set forth in Statewide Rule 67.1. are hereby incorporated by reference as fully as if set forth herein.

2. **Geographical Area.** The Wilson Creek Gas Storage Facility (herein "Facility") is established for the development and operations of an Underground Storage Facility. The Storage Area for the Facility is established to be the following described lands in Monroe County, Mississippi.:

**TOWNSHIP 14 SOUTH, RANGE 18 WEST**

Section 13: S1/2 of SE1/4  
Section 24: NE1/4 and N1/2 of SE1/4; AND

**TOWNSHIP 14 SOUTH, RANGE 17 WEST**

Section 18: S1/2 of SW1/4  
Section 19: NW1/4

3. **Underground Storage Reservoir.** The Reservoir that is authorized to be used as part of the Underground Storage Facility for the injection, storage and withdrawal of natural gas or compressed air is an underground reservoir, stratum or formation described as follows:

those certain geological strata or formations known as the Carter "B" Sand described as the interval between a measured depth of 3126 feet to a measured depth of 3152 feet as seen on the Density-Neutron Log of the Munoco - Clarence E. Smith 24-2 No.1 Well located 1,100 feet from North line and 1,440 feet from East line of Section 24, T14S, R18W, Monroe County, Mississippi, and the stratigraphic equivalent thereof.

**D. RULES:**

**RULE 1- SPACING OF WELLS**

As to each well drilled into and productive from the above defined Millerella Sand Gas Pool:

(a) The well 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 contiguous governmental quarter-quarter sections whose total acreage is not less than 300 acres or more than 340 acres. In any case, no other drilling or producing well from the same pool shall be located on any such unit.

(b) Any gas drilling unit formed under said paragraph (a) above must be completely encompassed by the perimeter of a rectangle 3735 feet by 5380 feet provided, however, no unit shall be permitted which will create island acreage.

(c) The well shall be located at least 1980 feet from every other drilling gas well or gas well completed in or producing from the same pool located in conformity with this rule; and

(d) The well shall be located not less than 990 feet from every exterior boundary of the drilling unit.

**RULE 2. – WILSON CREEK GAS STORAGE FACILITY:**

2.1 Within the Storage Area of the Facility the injection, storage and withdrawal of natural gas or compressed air from the Reservoir is hereby authorized.

2.2 Wells may be drilled, reworked, recompleted and/or otherwise utilized in the development, operation and maintenance of the Storage Area and Facility upon a permit being issued for each such well, as provided for herein.

2.3 Each well that is reentered, drilled, reworked or recompleted and/or otherwise utilized as a part of the Facility shall comply with the requirements of Statewide Rule 67.

2.4 The operator of the Facility is authorized to use for injection, storage and withdrawal of natural gas or compressed air all existing wells that are located in the Storage Field, which wells may be reentered, converted, reworked or recompleted for purposes of the development, operation or maintenance of the Underground Storage Facility and/or additional well(s) may be drilled within the Storage Field for such purposes. Each such well may be administratively permitted by the Supervisor of the Board, provided that the operator submits all data and information that are required by Statewide Rule 67, and any other rule, regulation or statute which may then be applicable; provided, however, each such well shall not be subject to the otherwise applicable location and spacing requirements of the Statewide Rules or the Special Field Rules for Wilson Creek Field that pertain to wells that are drilled to produce oil or gas.

2.5 No well that is not a part of the Facility shall be drilled to or through or within one hundred feet (horizontal and vertical) of the Reservoir except as permitted by the Board, after notice and hearing before the Board and personal service upon the operator of the Facility.

2.6 The development, operation and maintenance of the Storage Area and the Facility shall be subject to all provisions of Statewide Rule 67. All other Statewide Rules and Regulations, or parts thereof, except those that are specifically referred to in Statewide Rule 67 shall not be applicable to the development, operation and maintenance of the Storage Area and the Facility. In

the event of any conflict or inconsistency between any prior orders or other rules and regulations, and any provision(s) of the foregoing Rules, these Special Field Rules shall control.

**RULE 3 – APPLICABILITY OF STATEWIDE RULES:**

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

3.2 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 for the Wilson Creek Gas Storage Field -*