

RE: **AMENDED PETITION OF LAND AND NATURAL RESOURCES DEVELOPMENT, INC. TO DRILL THE COWAN FARMS 32-2 NO. 1 WELL, ON A REGULAR 320 ACRE GAS UNIT AT AN EXCEPTIONAL LOCATION AND TO FORCE INTEGRATE ALL INTERESTS WITH ALTERNATE RISK CHARGES, OR ALTERNATELY TO TERMINATE THE GAS STORAGE DESIGNATION FOR THE WISE GAP FIELD, MONROE COUNTY, MISSISSIPPI, AND FOR RELATED RELIEF**

JUN 17 2009
STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 60-2009-598
ORDER No 236-2009

FINAL ORDER

This day this matter came on for hearing before the State Oil and Gas Board at its regular May 20, 2009 hearing, on the Amended Petition of Land and Natural Resources Development, Inc. seeking to drill the Gowan Farms 32-3 No. 1 Well ("the Well"), on a regular 320 acre gas unit at an exceptional location and to force integrate all interests with alternate risk charges, or alternatively to terminate the gas storage designation for the Wise Gap Field, Monroe County, Mississippi;

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 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, Mid South Storage Systems, LLC and Moon-Hines-Tigrett Operating Co., Inc. (collectively "Contestant" or "Mid South"), by and through counsel and in response to the Amended Petition, filed (1) Notice of Contest; (2) Motion for Subpoenas, Motion for Subpoenas Duces Tecum and Motion to Continue; and (3) Motion to Dismiss; and

WHEREAS, pursuant to said notice given, a public hearing was held by the Board at the hearing room of the State Oil & Gas Board of Mississippi, 500 Greymont Avenue, Suite E, Jackson, Mississippi 39202, commencing on May 20, 2009, at which hearing the Board heard argument on the Contestant's Motions, the parties having agreed to delay a hearing on the Petition and Notice of Contest pending disposal of the Motions, and the Board having heard the arguments of counsel for both the Petitioner and the Contestant, and having duly considered the authorities presented, the Board finds as follows:

Factual and Procedural Background

1. On November 28, 2007, the Board entered Order No. 897-2007 (“the Prior Order”), in Docket 530-2007-598 (“the Prior Docket”), establishing the Wise Gap Gas Storage Facility and the Amended Special Field Rules For Wise Gap Field. *See* Order No. 897-2007, attached hereto as Exhibit A.

2. The Prior Order declares 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[.]” *See* Exhibit A, p. 1.

3. The Board made numerous findings of fact in the Order. These factual findings were based on Affidavits presented by Contestants herein. The Board determined that “[t]he 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[,]” *see* Exhibit A, ¶ 3, and 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.” *See* Exhibit A, ¶ 4. The Board also found that Mid South demonstrated “that the proposed Underground Storage Facility is in the public interest and welfare of this state and is for a public purpose.” *See* Exhibit A, ¶ 6.

4. In the Motions, Contestants assert that no personal notice was required for the Prior Docket, nor was personal notice given. Required notice by publication was given in *The Clarion Ledger* and *The Aberdeen Examiner* dated October 31, 2007.

5. On January 15, 2009, Petitioner filed Docket No. 60-2009-598, seeking an order vacating the Wise Gap Gas Storage Facility and the Amended Special Field Rules For Wise Gap Field so that it could pursue drilling activities for Native Gas in the Reservoir defined for storage of natural gas in the Prior Order. On April 17, 2009, Petitioner filed an Amended Petition requesting a permit to drill the Well on a 320 acre gas unit and to force integrate all interests with alternate risk charges, or alternatively, to terminate the Wise Gap Gas Storage designation for the Wise Gap Field. In the Amended Petition, the Petitioner alleged that the Petitioner, or the parties that it represented, acquired oil, gas and mineral leases from various owners in Sections 29 and

32, Township 14 South, Range 17 West, Monroe County, Mississippi before the Prior Docket was filed and that it owned more than 33.33% of the rights of the leasehold under the units sought to be drilled. The Petitioner alleged that the Contestants obtained the Order without the Petitioner's actual knowledge and that the Petitioner had no knowledge of the application until after the Order was entered. The Petitioner sought to permit a well under Special Field Rule 2.5, which is a provision of the Special Field Rules contained in the Prior Order. Rule 2.5 provides:

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.

6. In the current Docket, Petitioner objected to the Prior Order on the ground that it allegedly had no personal notice of the Board's proceedings to approve the Wise Gap Gas Storage Facility Project, and thus was denied due process.

7. On May 12, 2009, Contestant filed its Motion to Dismiss, asserting that Petitioner's Amended Petition should be dismissed because it constituted an impermissible collateral attack on the Prior Order. Neither Petitioner, nor the parties it represents, made any appearance in the Prior Docket and proceedings.

8. On May 19, 2009, Petitioner filed a response to Contestant's Motion to Dismiss, which is incorporated herein by reference.

Conclusions of Law

9. The State Oil and Gas Board is granted exclusive jurisdiction over the regulation of natural gas in Mississippi by Miss Code Ann. § 53-1-17. Pursuant to this mandate, this Board is charged with evaluating and approving proposed petroleum and natural gas storage facilities like the Wise Gap Storage Field Project. By the issuance of the Prior Order, the Board evaluated and approved the Project. This determination by the Board, including its findings that proper notice of the hearing was given, that 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 than for production of remaining Native Gas, and that the proposed Underground Storage Facility is in the public interest and welfare of this state and is for a public purpose, is immune from attack in this Docket. See Exhibit A, p. 1, ¶¶ 3, 4, and 6.

10. Oil and Gas Board Rule of Procedure 4(A) states that “notice of all hearings of the Board shall be given by publishing notice thereof at least twenty (20) days before the date of hearing in a newspaper published daily in Jackson, Mississippi, of general circulation in the state, and in a newspaper of general circulation in the county or counties in which the lands and pools involved are located whether published in or out of the county[.]” Procedural Rule 4(B)(6) provides for personal notice “to the operator of each well within the proposed or established field” for petitions to amend or establish special field rules. All wells in Wise Gap Field were previously plugged; therefore, for the petition in Docket 530-2007-598, personal notice was not required.

11. In accordance with Rule 4(A), Mid-South had the notice of the hearing in the Prior Docket published in *The Clarion-Ledger* and *The Aberdeen Examiner* on October 31, 2007. Proofs of publication in those newspapers were filed with the Board. Accordingly, the Prior Order, entered after the November 28, 2007 hearing on the matter, declares that “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[.]” See Exhibit A. This recital, that notice had been made in accordance with Rule 4(A), was a distinct finding by the Board that the proper notice had been given. Such recital is conclusive. See *People's Bank of Weir v. Attala County*, 126 So. 192, 193 (Miss. 1930) (“the recital of the order contains an express adjudication of the essential legal facts”).

12. All steps required by the statutes of Mississippi and the Statewide Rules of this Board, including required notice by publication, were followed by Mid South resulting in the valid establishment of the Wise Gap Gas Storage Facility and the Special Field Rules governing the same.

13. Miss. Code Ann. § 53-1-39(a), states: “[A]ny interested person aggrieved by any final rule, regulation or order of the board, shall have the right . . . of appeal . . . , which shall be taken and perfected as hereinafter provided, within thirty (30) days from the date that such final rule, regulation or order is filed for record in the office of the board[.]” Miss. Code Ann. § 53-1-39(a). Beyond that 30 days, the “collateral attack” doctrine, which prevents an attack on the validity of an order of the Board, applies. See *Frost v. Gulf Oil Corp.*, 119 So. 2d 759, 764-65

(Miss. 1960); *Biloxi-Pascagoula Real Estate Bd., Inc. v. Mississippi Regional Housing Authority No. VIII*, 94 So. 2d 793, 794 (Miss. 1957) (upholding denial of a temporary injunction, stating the attack on the Board of Supervisors' decision amounted to a collateral attack in light of the public notice given, the lack of public participation, and the lack of a timely appeal of the decision).

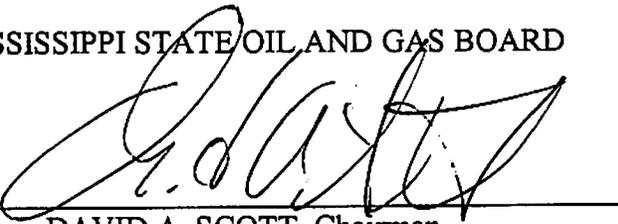
14. The Prior Order was entered on November 28, 2007. Petitioner did not file this Docket until January 15, 2009. Therefore, (1) Petitioner's request for an order vacating the Wise Gap Gas Storage Facility and the Amended Special Field Rules For Wise Gap Field so that it may pursue drilling activities for native gas and (2) Petitioner's request for force integration with the application of alternate risk charges must be denied as an untimely, collateral attack on the Prior Order. Thus, the Board finds that Contestant's Motion to Dismiss is well taken and should be granted.

15. The Board finds that Contestant's Motion for Subpoenas, Motion for Subpoenas Duces Tecum and Motion to Continue should be denied and this Docket dismissed without prejudice.

THEREFORE, IT IS ORDERED AND ADJUDGED that (1) Contestant's Motion to Dismiss is granted; (2) Contestant's Motion for Subpoenas, Motion for Subpoenas Duces Tecum and Motion to Continue are denied; and (3) Petitioner's Petition in this Docket is dismissed without prejudice.

SO ORDERED AND ADJUDGED this the 17th day of June, 2009, and effective May 20, 2009.

MISSISSIPPI STATE OIL AND GAS BOARD

By: 

DAVID A. SCOTT, Chairman

SUBMITTED BY:

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ATTORNEYS FOR CONTESTANT

AGREED SOLELY AS TO FORM:



WATTS C. UELTSCHHEY
ATTORNEY FOR CONTESTANT



WILLIAM F. BLAIR
ATTORNEY FOR PETITIONER

BEFORE THE MISSISSIPPI STATE OIL AND GAS BOARD

FILED FOR RECORD

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

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STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 530-2007-598
ORDER No. 897-2007

ORDER

THIS MATTER came on for hearing on the 28th day of November, 2007, on the Petition of Mid South Storage Systems, LLC ("Mid South") to establish the Wise Gap Gas Storage Facility as an Underground Storage Facility, grant Petitioner authority to use an underground reservoir within Wise Gap Field as a reservoir for the injection, storage, and withdrawal of natural gas or compressed air, allow Petitioner to utilize, drill, equip, and operate wells to do so, make appropriate amendments to the Special Field Rules for Wise Gap Field, and grant related relief

WHEREAS, a public hearing was held by said Board in the hearing room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on November 28, 2007, 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 Mid South owns rights to store natural gas in and under lands located in and adjacent to what is presently defined as the Wise Gap Field, located in Monroe County, Mississippi and that the Board should establish the "Wise Gap 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:

Section 19: S1/2 of SE1/4
Section 20: SW1/4 of SW1/4
Section 27: S1/2
Section 28: S1/2, S1/2 of SE1/4 of NW1/4, SW1/4 of NW1/4
Section 29: Entire
Section 30: E3/4
Section 31: E3/4 of NE1/4, N1/2 of NE1/4 of SE1/4
Section 32: N1/2, N1/2 of SW1/4, SE1/4
Section 33: N1/2, NW1/4 of SW1/4
Section 34: NW1/4, N1/2 of NE1/4

all located in Township 14 South, Range 17 West, Monroe County, Mississippi.

2. That the "Reservoir" (Statewide Rule 67.1.B.) to be used for the injection, storage, and withdrawal of natural gas or compressed air is an underground reservoir, stratum or formation that should be described as follows:

those certain geological strata or formations known as the Carter "B" Sand described as the interval between a measured depth of 3,022 feet to a measured depth of 3,102 feet as shown by the electric log of the Pruet Production Co. No. 1 C.C.C. 30-9 Well located 1,642 feet from south line and 330 feet from east line, Section 30, Township 14 South, Range 17 West, Wise Gap Field, 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 compressed 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 1,661 psig. The maximum operating reservoir pressure is 2,215 psig. The minimum operating reservoir pressure is 400 psig. The total reservoir capacity is 22.52 BCF.

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 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 Petitioner has shown that the proposed Underground Storage Facility is in the public interest and 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 Wise Gap 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 Wise Gap Gas Storage Field.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the Wise Gap 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 Wise Gap 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 Wise Gap Field are hereby amended, as provided in Exhibit "A".

IT IS FURTHER ORDERED AND ADJUDGED that Petitioner be appointed and designated the operator of the Wise Gap Gas Storage Field.

SO ORDERED AND ADJUDGED this the 24 day of December 2007, but effective as of November 28, 2007.

MISSISSIPPI STATE OIL AND GAS BOARD

By: David A. Scott
DAVID A. SCOTT, Chairman

Submitted by:

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ATTORNEY FOR PETITIONER,
MID SOUTH STORAGE SYSTEMS, LLC

STATE OF MISSISSIPPI
COUNTY OF HINDS
I hereby certify that the foregoing is a true & correct copy of
Order No. 877-2007 in O/Clet No. 5302007-918
now appearing on file and of record in the office
of the State Oil and Gas Board at Jackson, MS
This the 24 day of December, 2007
Lisa Ivshin
Lisa Ivshin, Supervisor

EXHIBIT "A"

AMENDED SPECIAL FIELD RULES FOR THE WISE GAP FIELD MONROE COUNTY, MISSISSIPPI

A. FIELD AREA:

The Wise Gap Field, as used herein, is that geographical area consisting of the following described lands to wit:

E 1/2 of Section 19, Sections 20, 27, 28, 29, 30, N 1/2 and N 1/2 of NE1/4 of SE1/4 of Section 31, and N 1/2, SE1/4, N1/2 of SW1/4 of Section 32, N 1/2 and NW1/4 of SW1/4 of Section 33, and NW1/4 and N 1/2 of NE1/4 of Section 34, all in Township 14 South, Range 17 West and E 1/2 of Section 25, Township 14 South, Range 18 West, Monroe County, Mississippi.

B. POOL DEFINITIONS:

1. The Carter Sand Gas Pool in the Wise Gap Field shall be construed to mean those strata of the Mississippian Formation productive of hydrocarbons occurring between the measured depths of 3,135 feet and 3,196 feet on the Dual Induction Electric Log of the Pruet Production Co. - Baria & Mason-Munoco - Tennessee River Pulp & Paper Co. 30-1 Well No. 1 and all sands correlative of those strata production of hydrocarbons, said well being located 1,262 feet from the East line and 1,100 feet from the North line of Section 30, Township 14 South, Range 17 West, Monroe County, Mississippi.

2. The Rea Sand Oil Pool in the Wise Gap Field shall be construed to mean those strata of the Mississippian Formation occurring between the depths of 3,469 feet and 3,482 feet of the Dual Induction Focused Log of the C.C.C., Inc. 30-9 Well No. 1 located 990 feet from the North line and 330 feet from the East line of Section 30, Township 14 South, Range 17 West, Monroe County, Mississippi, and all strata productive of oil, and all strata of the Mississippian Formation underlying the Wise Gap Field which can be correlated therewith.

3. The Sanders Sand Gas Pool in the Wise Gap Field shall be construed to mean those strata of the Mississippian Formation occurring between the depths of 3,150 feet and 3,188 feet of the Dual Induction Log of the C.C.C., Inc. 29-14 Well located 2,313 feet from the West line and 990 feet from the South line of Section 29, Township 14 South, Range 17 West, Monroe County, Mississippi, and all strata productive of gas and all strata of the Mississippian Formation underlying the Wise Gap Field which can be correlated therewith.

4. The Abernathy Sand Gas Pool in the Wise Gap Field shall be construed to mean those strata of the Mississippian Formation occurring between the depths of 3,264 feet and 3,342 feet of the Dual Induction Log of the C.C.C., Inc. 30-9 Well No. 1 located 1,642 feet from the South Line and 330 feet from the East line of Section 30, Township 14 South, Range 17 West, Monroe County, Mississippi, and all strata productive of gas and all strata of the Mississippian Formation underlying the Wise Gap Field which can be correlated therewith.

5. The Millerella Sand Gas Pool shall be defined as those strata lying between 3,088-3,094 feet as shown on the electric log of the Browning & Welch, Inc.-Willis 19-16 Well located in Section 19, Township 14 South,

6. Range 17 West, Monroe County, Mississippi and all productive strata correlative to and in communication therewith.

C. WISE GAP 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 Wise Gap 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:

Section 19: S1/2 of SE1/4
Section 20: SW1/4 of SW1/4
Section 27: S1/2
Section 28: S1/2, S1/2 of SE1/4 of NW1/4, SW1/4 of NW1/4
Section 29: Entire
Section 30: E3/4
Section 31: E3/4 of NE1/4, N1/2 of NE1/4 of SE1/4
Section 32: N1/2, N1/2 of SW1/4, SE1/4
Section 33: N1/2, NW1/4 of SW1/4
Section 34: NW1/4, N1/2 of NE1/4

all located in Township 14 South, Range 17 West, Monroe County, Mississippi.

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 3,022 feet to a measured depth of 3,102 feet as shown by the electric log of the Pruet Production Co. No. 1 C.C.C. 30-9 Well located 1,642 feet from south line and 330 feet from east line, Section 30, Township 14 South, Range 17 West, Wise Gap Field, Monroe County, Mississippi, and the stratigraphic equivalent thereof.

D. RULES

Rule 1. - Well Spacing:

1.1 As to each well drilled to and productive from the above defined Carter Sand Gas Pool, Abernathy Sand Gas Pool and 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 (8) contiguous governmental quarter-quarter sections whose total acreage is not less than 300 acres or more than 340 acres. In any case, no other well producing from the same pool shall be located on any such unit.

- (b) Any gas drilling unit formed under subparagraph (a) above must be completely encompassed by the perimeter of a rectangle 3,735 feet by 5,380 feet. Provided, however, no unit shall be permitted which will create island acreage.
- (c) The well shall be located at least 1,980 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 no less than 990 feet from every exterior boundary of the drilling unit.

1.2 As to each well drilled to and productive from the above defined Rea Sand Oil Pool:

- (a) The well 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.
- (b) 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. Provided, however, no unit shall be permitted which will create island acreage;
- (c) The well shall be located at least 1,000 feet from every other drilling or producible well located in conformity with this rule; and
- (d) The well shall be located at least 500 feet from every exterior boundary of the drilling unit.

Rule 2. – Wise Gap 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 Wise Gap 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 Rules shall control.

2.7 The Board Supervisor may authorize the maximum operating pressure of the Facility to be increased as determined by a step rate test and such other evidence as may be acceptable to the Supervisor.

Rule 3. – Applicability of Statewide Rules:

3.1 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 the field.

3.2 The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any or all of the foregoing Special Field Rules, or to grant exceptions to all or any part thereof.

- End of Special Field Rules for the Wise Gap Gas Storage Field -