

STATE OF LOUISIANA
OFFICE OF CONSERVATION
BATON ROUGE, LOUISIANA

November 7, 1988

ORDER NO. 967-A

Order concerning the creation of twelve (12) additional drilling and production units for the Hosston Zone, Reservoir A, in the CEDAR GROVE FIELD, Caddo Parish, Louisiana.

Pursuant to power delegated under the laws of the State of Louisiana, and particularly Title 30 of Louisiana Revised Statutes of 1950, and after a public hearing held under Docket No. 88-488 in Baton Rouge, Louisiana, on September 27, 1988, upon the application of Grigsby Petroleum Inc., following legal publication of notice and notice in accordance with the rules prescribed by the Commissioner of Conservation, the following Order is issued and promulgated by the Commissioner of Conservation as being reasonably necessary to conserve the natural resources of the State, to prevent waste as defined by law, to avoid the drilling of unnecessary wells, and otherwise to carry out the provisions of the laws of this State.

D E F I N I T I O N

The Hosston Zone, Reservoir A, in the Cedar Grove Field, Caddo Parish, Louisiana, was fully defined in Office of Conservation Order No. 967, effective December 16, 1975.

F I N D I N G S

The Commissioner of Conservation finds as follows:

1. That Office of Conservation Order No. 967, effective December 16, 1975, established rules and regulations and created drilling and production units for the exploration for and production of gas and condensate from the Hosston Zone, Reservoir A, in the Cedar Grove Field, Caddo Parish, Louisiana.
2. That the establishment of rules and regulations and the creation of twelve (12) additional drilling and production units for the Hosston Zone, Reservoir A, in the Cedar Grove Field, Caddo Parish, Louisiana, are necessary to insure orderly development, to prevent waste, and to avoid the drilling of unnecessary wells.
3. That the available geological and engineering data indicate that the twelve (12) units, designated HOSS RA SUE through HOSS RA SUP, inclusive, as more particularly shown on the plat labeled, "Grigsby Petroleum Inc. Exhibit No. 5 for Docket No. 88-488," a copy of which is attached hereto, are reasonable and should be adopted; that each unit can be efficiently and economically drained by one well, and that creation of such units should reasonably assure to each separate tract included therein an opportunity to recover its just and equitable share of the contents of the reservoir.
4. That the separately owned tracts, mineral leases and other property interests within each of the units created herein should be force pooled and integrated with each separate tract sharing in unit production on a surface acreage basis of participation.
5. That the majority Working Interest Owner or the designee of the majority of the Working Interest Owners in each unit created herein should be designated as the unit operator of such unit.

O R D E R

NOW, THEREFORE, IT IS ORDERED THAT:

1. The units designated HOSS RA SUE through HOSS RA SUP, inclusive, and shown on the plat labeled, Grigsby Petroleum Inc. Exhibit No. 5 for Docket No. 88-488, a copy of which is attached hereto and made a part hereof, be and are hereby approved and adopted as drilling and production units for the exploration for and production of gas and condensate from the Hosston Zone, Reservoir A, in the Cedar Grove Field, Caddo Parish, Louisiana.

The units have not been surveyed, and when a survey plat of said units showing the exterior limits thereof, the total acreage therein, and the acreage in each separately owned tract, has been submitted to and accepted by the Commissioner of Conservation or any member of his staff, insofar as it shows the exterior limits of the units, said plat shall be substituted for the above exhibit and made a part of this order by reference. In the event of conflicting claims of ownership of acreage in any unit, such acreage may be so identified on the survey plat. Such identification of acreage subject to conflicting claims shall not be construed as an acknowledgement of the validity of any such claims, and shall not affect any other acreage in separately owned tracts in the unit.

The survey plat shall be prepared in accordance with the requirements for unit plats and survey plats adopted by the Commissioner of Conservation. It is recognized that the exterior boundary lines of the units, as surveyed, may differ from those lines as shown on the attached plat because of the requirement that by survey the geologically significant wells be correctly located with respect to each other and to the unit boundary lines that they control.

2. The separately owned tracts, mineral leases and other property interests within each of the units created herein are hereby pooled, consolidated and integrated in accordance with Section 10, Title 30 of Louisiana Revised Statutes of 1950, with each tract sharing in unit production in the proportion that the surface area of such tract bears to the entire surface area of the unit in which it is situated. Also, all operations on and production from each unit shall be considered operations on and production from each of the separate tracts within said unit and under the terms of each of the mineral leases affecting said tracts.

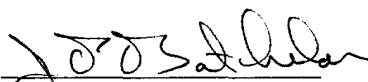
3. The unit operators are designated in accordance with Finding No. 5 hereof.

4. Except to the extent contrary herewith, the provisions of Office of Conservation Order No. 967 and applicable Statewide Orders shall apply to the units created herein.

5. When there is obtained additional geological and engineering information which would indicate a required change or revision in the unit boundaries as adopted herein, or which would indicate a required change or revision of other provisions of this order, the Party or Parties in possession of this additional information shall petition the Commissioner of Conservation for a public hearing for the purpose of considering appropriate changes.

This Order shall be effective on and after September 27, 1988.

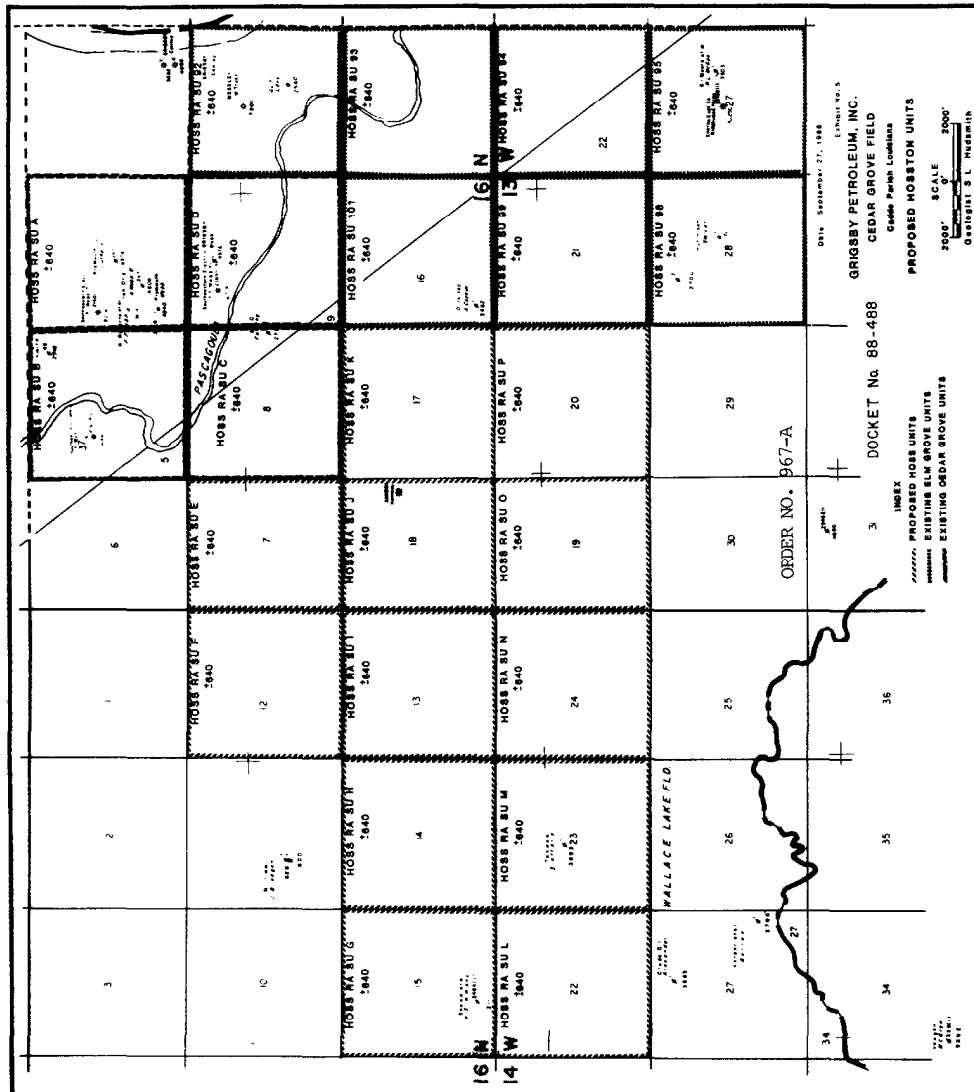
OFFICE OF CONSERVATION
OF THE STATE OF LOUISIANA


J. PATRICK BATCHELOR
COMMISSIONER OF CONSERVATION

PL/lc

Grigsby Petroleum Inc.
Exhibit No. 5 for
Docket No. 88-488 -
Attached

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ORDER NO. 967-A

Date: September 27, 1948
 Exhibit No. 5
GRIGGS PETROLEUM, INC.
CEDAR GROVE FIELD
 Cade Parish, Louisiana
PROPOSED HOSS UNITS
 SCALE 1" = 2000'
 Geologist: S. L. Wadsworth

INDEX
 PROPOSED HOSS UNITS
 EXISTING HOSS UNITS
 EXISTING CEDAR GROVE UNITS