

STATE OF LOUISIANA
OFFICE OF CONSERVATION
BATON ROUGE, LOUISIANA

August 29, 2014

ORDER NO. 1577

Order concerning the establishment of rules and regulations and the creation of a single drilling and production unit for the **Tuscaloosa Marine Shale, Reservoir A**, in the **LACOMBE BAYOU FIELD**, St. Tammany Parish, Louisiana.

Pursuant to power delegated under the laws of the State of Louisiana, and particularly Title 30 of the Louisiana Revised Statutes of 1950, and after a public hearing held under **Docket No. 14-232** in Baton Rouge, Louisiana, on **June 17, 2014**, upon the application of **HELIS OIL & GAS COMPANY, L.L.C.**, following legal publication of notice and notice in accordance with the Louisiana Administrative Code Title 43 Part XIX, Subpart 17, Chapter 39 as 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.

DEFINITION

The Tuscaloosa Marine Shale, Reservoir A, in the Lacombe Bayou Field, is hereby defined as being the stratigraphic equivalent of that oil and gas bearing zone encountered between the depths of 12,615 feet and 13,175 feet (electrical log measurements) in the Wagner & Brown - Keller Heirs No. 1 Well, located in Section 12, Township 8 South, Range 12 East, St. Tammany Parish, Louisiana.

FINDINGS

The Commissioner of Conservation finds as follows:

1. That the establishment of rules and regulations and the creation of a single drilling and production unit for the exploration for and production of oil and gas from the Tuscaloosa Marine Shale, Reservoir A, in the Lacombe Bayou Field, St. Tammany Parish, Louisiana, are necessary to insure orderly development, to prevent waste and to avoid the drilling of unnecessary wells.
2. That the available geological, engineering or other appropriate information indicates that the unit designated TMS RA SUA, as shown on the plat labeled, "Helis Oil & Gas Company, LLC - Exhibit No. 4 for Docket No. 14-232", a copy of which is attached hereto, is reasonable and should be adopted; that said unit can be efficiently and economically drained by one well, and that creation of such unit should reasonably assure to each separate tract included therein an opportunity to recover its just and equitable share of the contents of the reservoir.
3. That the separately owned tracts, mineral leases and other property interests within the unit created herein should be force pooled and integrated with each separate tract sharing in unit production on a surface acreage basis of participation.
4. That any future wells drilled to the Tuscaloosa Marine Shale, Reservoir A, within or outside of the unit created herein, should be located no closer than 330 feet from any unit boundary and no closer than 660 feet to any other well completed in, drilling to, or for which a permit has been granted to drill to said reservoir.

5. That with respect to horizontal wells drilled to the Tuscaloosa Marine Shale, Reservoir A, within or to serve the unit created herein, where the horizontal portion of the well is cased and cemented back above the top of the Tuscaloosa Marine Shale, Reservoir A, the distance to any unit boundary and any offset well(s) should be calculated based on the distance to the nearest perforation in the well, and not based on the penetration point or terminus.

6. That the Commissioner of Conservation recognizes that Louisiana law states that the purpose of a drilling unit is to ensure that mineral owners receive their equitable share of the production and reservoir energy of a given field or pool and as such, this order implements no activity or action which would affect the elements of any local master plan.

7. That the adoption of the unit shown on the attached plat, reference Finding No. 2 hereof, does not relieve any operator of said unit, of the obligation to comply with applicable Federal, Local or other State permitting or regulatory requirements.

8. That the Commissioner of Conservation should be authorized to reclassify the reservoir by Supplemental Order, without the necessity of a public hearing, if the producing characteristics of the reservoir change and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation.

ORDER

NOW, THEREFORE, IT IS ORDERED THAT:

1. The unit designated TMS RA SUA, as shown on the plat labeled, "Helis Oil & Gas Company, LLC - Exhibit No. 4 for Docket No. 14-232", a copy of which is attached hereto and made a part hereof, be and it is hereby approved and adopted as a single drilling and production unit for the exploration for and production of oil and gas from the Tuscaloosa Marine Shale, Reservoir A, in the Lacombe Bayou Field, St. Tammany Parish, Louisiana.

The unit has not been surveyed, and when a survey plat of the unit, 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 unit, 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 the 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 acknowledgment of the validity of any such claims, and shall not affect any other acreage in the 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 unit, 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 the unit created herein are hereby pooled, consolidated, and integrated in accordance with Section 10, Title 30 of the 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 said unit. Also, all operations on and production from the unit shall be considered operations on and production from each of the separate tracts within such unit and under the terms of each of the mineral leases affecting said tracts.

3. Future wells drilled to the Tuscaloosa Marine Shale, Reservoir A, within or outside of the unit created herein, shall be located in accordance with Finding No. 4 hereof.

4. With respect to horizontal wells drilled to the Tuscaloosa Marine Shale, Reservoir A, within or to serve the unit created herein, where the horizontal portion of the well is cased and cemented back above the top of the Tuscaloosa Marine Shale, Reservoir A, the distance to any unit boundary and any offset well(s) shall be calculated based on the distance to the nearest perforation in the well, and not based on the penetration point or terminus.

5. Future reclassification of the reservoir, as the result of a change in the producing characteristics thereof, shall be accomplished in accordance with Finding No. 6 hereof.


6. Except to the extent contrary herewith, the provisions of all applicable Statewide Orders shall apply to the unit created herein.

7. The adoption of the unit shown on the attached plat, reference Finding No. 2 hereof, does not relieve any operator of said unit, of the obligation to comply with applicable Federal, Local or other State permitting or regulatory requirements.

8. When there is obtained additional geological, engineering or other appropriate information which would indicate a required change or revision of 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 such 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 June 17, 2014.

OFFICE OF CONSERVATION
OF THE STATE OF LOUISIANA



JAMES H. WELSH
COMMISSIONER OF CONSERVATION

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Helis Oil & Gas Company, LLC
Exhibit No. 4 for Docket No. 14-232
Attached

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