

STATE OIL & GAS BOARD OF ALABAMA

Jasper, Alabama

15 March 1957

Testimony and proceedings before the State Oil and Gas Board, in the Walker County Court House, Jasper, Alabama, pursuant to adjournment, on this the 15th day of March, 1957.

PERSONS PRESENT:

DR. WALTER B. JONES, Secretary & Supervisor

MR. LINDSEY C. BONEY, Chairman

MR. VERNON MERRITT, Board Member

MR. RANKIN FITE, Board Member

MR. ROBERT MacELVAIN, Ass't Supervisor

(Reported by Lou M. Chambers)

A P P E A R A N C E S

<u>NAME</u>	<u>REPRESENTING</u>
Taylor Carlisle	Gulf Refining Company
L. L. Keyes	Gulf Refining Company
Floyd B. Steele	Gulf Refining Company
Joe A. Thompson	Humble Oil Company
Jack B. McDonald	Northwest Ala. Gas District
John H. Brewer	First Nat'l Bank of B'ham.
Frank H. Kelton	Self
Mr. Walter W. Pierson	Self
Mr. M. H. Wilborn	Self
Arthur Fite, Jr.	
L. C. Boney, Jr.	

I N D E X

<u>WITNESSES</u>	<u>DIRECT & REDIRECT</u>	<u>CROSS & RECROSS</u>	<u>EXAM. BY THE BOARD</u>
L. L. Keyes	15-19		16-21
Frank H. Kelton	27-34		
Walter W. Pierson	38-40		
M. H. Wilborn	41-44		
John H. Brewer	42-50		

P R O C E E D I N G S

(The hearing was convened at 10:36 A.M., 15 March 1957)

MR. BONEY: Gentlemen, we'll call the meeting to order.

DR. JONES: Mr. Chairman, the meeting has been advertised as required by law.

MR. BONEY: Mr. Carlisle, on those Gulf Corporation permanent approvals, do you want them - - how do you want them worked out? We'll find out before we go into it.

MR. CARLISLE: Mr. Chairman, I have a report I'd like to point out on this. On No. 1, we'd like to have that dismissed because that's a single completion.

MR. BONEY: You'd like to have it dismissed from your - -

MR. CARLISLE: Yes sir. In other words, it's a single completion.

MR. BONEY: All right, sir.

MR. CARLISLE: No. 2, we'd like to have a permanent approval.

MR. BONEY: Shall we take those as we go along or just wait and get all those - - how many dismissals are we going to have, do you know?

MR. CARLISLE: Well, not but about three.

MR. BONEY: All right, we'll go ahead and get all the dismissals, then. No. 2 is - -

MR. CARLISLE: You want to take the dismissals, then?

MR. BONEY: We'll just take them as we go down. No. 2 is a permanent - -

MR. CARLISLE: Yes sir, that's been dually completed.

MR. BONEY: All right.

MR. CARLISLE: No. 3, we'll ask for a permanent - that's been dually completed. No. 4, we ask that it be dismissed, it's a single completion.

MR. BONEY: All right.

MR. CARLISLE: No. 5, we ask for a permanent, that's a dual completion. No. 6, we'll ask that that be continued, that's drilling.

MR. BONEY: All right.

MR. CARLISLE: No. 7, continued, the same thing - 8, 9, 10, 11, 12, to be continued.

MR. BONEY: All to be continued?

MR. CARLISLE: Yes sir, they're drilling. No. 13, we ask for a permanent -

MR. BONEY: All right, sir.

MR. CARLISLE: And No. 14, to be dismissed, that's a single completion.

MR. BONEY: All right. Now, on your continuances, do you want those emergencies to be extended?

MR. CARLISLE: Yes sir.

MR. BONEY: Not take them off, but just continue them on?

MR. CARLISLE: That's right, they're drilling now.

MR. BONEY: Nos. 1 and 14 are to be dropped or dismissed?

MR. FITE: Nos. 1, 4, and 14 -

DR. JONES: 1, 4, and 14 -

MR. BONEY: Yes.

MR. CARLISLE: Yes sir.

MR. FITE: I move that they be dismissed.

MR. MERRITT: I second it.

MR. BONEY: The motion has been seconded that Nos. 1, 4, and 14 be dismissed from the emergencies - all in favor, let me have an "aye" - any opposed "no".

(All Board members voted "aye")

MR. BONEY: Now, shall we take those permanent now and make them the same as we did those, which would be Nos. 2, 3, and 13 - 2, 3, 5, and 13?

DR. JONES: Right.

MR. FITE: I move that a permanent approval be given for a dual completion.

MR. MERRITT: I second it.

MR. BONEY: All in favor that a permanent approval be given for Nos. 2, 3, 5, and 13, let me know by saying "aye" - any opposed "no".

(All Board members voted "aye")

MR. BONEY: All right, that brings us down to the continuation of 6, 7, 8, 9, 10, 11, and 12.

MR. FITE: That's under a temporary - -

MR. BONEY: In other words, how far will those emergencies reach now, Bobby - how long will they last, the present ones?

MR. CARLISLE: Well, it came to 15 days.

MR. BONEY: When would the 15 run out?

MR. MacELVAIN: Well, they - -

MR. BONEY: We can extend it today, can't we?

MR. MacELVAIN: Yes sir.

MR. BONEY: Those would run out in a day anyway, wouldn't they?

MR. MacELVAIN: As of - -

MR. BONEY: All right, we'll make a motion to extend those for another 15 days, and at that time we'll renew them by mail as we have in the past.

MR. FITE: I so move.

MR. MERRITT: I second it.

MR. BONEY: It's been moved and seconded that they be continued and approved at the end of the emergency period as in the past. All in favor, let me know by saying "aye" - any opposed "no".

(All Board members voted "aye")

MR. BONEY: I believe that takes care of the permanent approvals under Item I, is that right?

MR. CARLISLE: Yes sir, all fourteen.

MR. BONEY: All right, Item II, to consider request by Gulf Oil Corporation that emergency approval be given to dually complete the Citronelle Unit No. 47, Well No. 1, NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 30, T2N, R2W, Citronelle Field, Mobile County, Alabama.

MR. CARLISLE: That's a regular application for renewal.

MR. FITE: You don't care to make a speech?

MR. CARLISLE: No sir, I - -

MR. MacELVAIN: That's the forms on it - that's on the 47.

(Mr. Boney examined the documents)

MR. MERRITT: I move that it be whatever it's supposed to be.

MR. FITE: I second it.

MR. BONEY: In the application, they comply in every respect.

MR. CARLISLE: Yes sir, the application of ownership and the affidavit, that is within your rule.

MR. BONEY: All right. That takes us on to Item III -

DR. JONES: Mr. Chairman, No. III came up as a result of prior wells drilled in Escambia County, a deep well, they cut the fault at the wrong place and while they had the rig in

there, they wanted to drill a 6500 foot test, try for production in the same sands that are now being produced in the Pollard Field, and in order to cut the fault at the right place so that they can understand it, as I understand it, they need to get 330 feet south of the north line and 660 feet east of the west line to drill that well, and we finally got in the plat on the thing showing the location on it, and I would recommend that they be permitted to drill the well.

MR. BONEY: I don't believe I quite understand it.

DR. JONES: It's out in the west - -

MR. MERRITT: It wouldn't be an extension?

DR. JONES: No, it's one of the system of faults that runs westward from Pollard and all around Pollard - east, west, north, and south, but it's a 330 - 660. If they drill in the center, they figure they'd hit the fault in the wrong place again, see.

MR. BONEY: In other words, the well they drilled, they hit the fault at the wrong place, is that right?

DR. JONES: That's right.

MR. BONEY: To get the test that they would like to have at this particular depth?

DR. JONES: That's what they figure.

MR. BONEY: And they figure that by moving in 330 feet closer that they would be better off?

DR. JONES: At this shallow depth. You see, there are two depths involved. The first well is a deep well. Now, this one is a shallow one and the fault, as nearly as we can tell from the Slumber Jay Log, is where they cut the fault, there, was in the Selma Chalk section, because there's 200 or 300 feet greater thickness in the Selma Chalk there than it would be on a well right close by, so they think now with that much of a hiatus in a fault section that maybe the tuscaloosa beds would be productive if they can hit them in the right place, so that's what the whole thing's about.

MR. BONEY: It's on the same fault except it'd be on the - -

DR. JONES: That's right.

MR. MERRITT: What about a deep test?

DR. JONES: Not at this particular moment.

MR. BONEY: Well, it wouldn't matter to the Board what depth they went to, would it? I don't think we'd be concerned about how deep they would go.

DR. JONES: That's right.

MR. BONEY: That's an emergency - we could extend that by correspondence the same as we have in the past, whether it was legal or not. In other words, if the other was legal, this would be, too.

DR. JONES: Legal until somebody raises a question about

it and then we'll have to cause some people a lot of rig time and that's what we're trying to avoid.

MR. BONEY: It sounds all right to me.

MR. MERRITT: That's the one we approved the emergency on about a week before - I move that it be approved.

MR. FITE: I second it.

MR. BONEY: It's moved and seconded that the Zach Brooks' No. 2 Alger-Sullivan Lumber Company Well be granted an extension of emergency approval. All in favor, let me know by saying "aye" - any opposed "no".

(All Board members voted "aye")

DR. JONES: If we'd have gotten it two days earlier, we could have advertised it for this meeting, but - -

MR. BONEY: That's probably what you called me about.

DR. JONES: That's right.

MR. BONEY: Item IV, to consider request by Gulf Oil Corporation for permanent approval of exception to Rule 5 of the Citronelle Special Field Rules, that the 1800 feet of surface pipe requirement be dropped to 680 feet of surface pipe, set and cemented in the conventional manner, and the flow string set and stage cemented with a sufficient amount of cement to fill the annular space back of the casing from the surface to a depth of 1500 feet.

MR. CARLISLE: Mr. Chairman, we have drilled three wells,

Unit No. 38, No. 40, No. 47 in that manner, and we'll ask for a permanent approval of that emergency. However, we have found that we can obtain pipe from the first half of this year to complete in the regular manner, 1800 feet, and we would ask that those three wells be granted permanent approval, and then the order drawn in the manner that from now on, we'll go ahead with the 1800 feet.

MR. BONEY: Do I understand you right that you want the emergency approval on those three wells that you have started and then that you want your order to go back to the original form?

MR. CARLISLE: Yes sir.

MR. MERRITT: You just want it to be a continued practice?

MR. CARLISLE: We didn't have enough pipe - -

MR. MERRITT: Well, how does it figure money-wise, does it cost you more or less money?

MR. CARLISLE: It costs us much more.

MR. MERRITT: To complete in this manner - to complete in the manner that you've proposed?

MR. CARLISLE: It costs more to set 1800 feet of pipe than it would this.

MR. MERRITT: Why do you want the 1800 feet of pipe?

MR. CARLISLE: We have enough pipe now.

MR. MERRITT: Do you think 1800 feet is a better - -

MR. CARLISLE: Well, I wouldn't say that. I have an engineer here to testify.

MR. MERRITT: I thought you told us at that last meeting that the use of that D.V. Tool was a better method of completion.

MR. BONEY: In other words, as it turned out, it would be more of a continuance than an emergency, wouldn't it?

MR. CARLISLE: We didn't have the pipe available at that time. We do now, so they tell me.

MR. MERRITT: I think that your activities in the Citronelle are very small, according to the nationwide activities.

MR. CARLISLE: Well, could be. Actually, we didn't think we'd get enough pipe.

MR. BONEY: By the way, there was some correspondence between the Citronelle Council in regard to this depth.

MR. MacELVAIN: Mr. Boney, Mr. Onderdonk had misunderstood. He thought that 680 was the only place - -

MR. BONEY: Yes, I've got a copy of the letter there and he doesn't oppose the method at all.

DR. JONES: He just wanted to be sure - -

MR. BONEY: He just wanted to be sure that it wouldn't contaminate their water. In other words, that was the part that Mr. Onderdonk was very much interested in.

MR. CARLISLE: What's that?

MR. BONEY: A letter from Onderdonk, the original copy went to you. In other words - -

MR. CARLISLE: No - -

MR. FITE: In other words, that other method is not as good as the pipe.

MR. MERRITT: It's going to jeopardize the fresh water, and I think the water is more important to the State than oil.

MR. CARLISLE: If you'd like to hear from this engineer, I'd be glad to put him on, but we contend that this - - well, all right, come around, Mr. Keyes.

DR. JONES: Of course, actually, the situation is not any different from a normal drilling of the well because the heavy mud that's used in the drilling will keep the fresh water where it belongs, and then when the cement job is done, why, it doesn't make too much difference where the thing is. If there is no cement, you always have the mud, and in that manner, the fresh water beds are protected. Of course, if it had been any different from that, we of the staff would have been hollering about that.

MR. MERRITT: I can't reconcile this, though, if it costs them less money to use the D.V. Tool in completion, why would he suggest you go back to the surface piping?

MR. CARLISLE: Would you like to swear him in?

(Witness was then sworn)

L. L. KEYES

called as a witness by and on behalf of Gulf Oil Corporation,
being first duly sworn, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Carlisle:

Q Is your name L. L. Keyes?

A That's correct.

Q You're employed by Gulf Oil Corporation?

A That's correct.

Q In Laurel, Mississippi?

A Yes.

Q You're in the Production Department, and your zone includes
Alabama?

A Yes sir.

Q Mr. Keyes, have you testified before this Board before?

A Yes sir.

Q As to your educational qualifications and - -

A Yes.

MR. CARLISLE: Would you care for that again?

MR. MERRITT: No.

Q Mr. Keyes, do you understand what we're discussing?

A Yes, I think I can answer your questions.

Q Will you explain that to the Board?

A I believe that Mr. Merritt's question was if you figure that this setting the 680 feet of surface piping was cheaper, why can't we continue to do that - it's probably cheaper to do it but we prefer to go ahead and set the 1800 feet of surface pipe, because when you get ready to recover your 7-inch pipe, you recover quite a bit more. As a matter of fact, this new way, we won't recover any.

MR. MERRITT: Salvage job?

WITNESS: Yes, salvage job, and even though the initial cost may be less in setting the short string, it would be less in the longrun to go ahead and set it 1800 feet.

MR. MERRITT: If you set it at 680, it would mean rust outs on the deeper pipe -

Q Will you explain that?

A I don't know what he means about rust outs -

MR. MERRITT: The pipe rusting.

WITNESS: You mean corrosion?

Q In other words, setting the cement would - -

A Oh yes, it would protect your - - the cement would.

Q I have a letter here from the Citronelle - would you read that and explain it to the Board, explain to the Board how this method that we have proposed and particularly these three wells, that we would protect their fresh water supply?

A Well, I think all of the Board is pretty familiar with this

method of using this D.V. Tool, are you not?

Q Well, we have this exhibit, here. Here it is, you can explain the meaning. This exhibit was offered before by Mr. Beech. Will you explain to the Board again how - - and point out to them on that exhibit how you propose to - -

A Well, the way he has it set up here, it would be 680 feet of 10-3/4 pipe set, and that will be after extending it in- to the well, and there the 10-3/4 will be set and the same will be circulating back to the surface.

MR. BONEY: This will be your depth?

WITNESS: This will be your depth, I think, the 10-3/4, and this will be cemented in place and the cement will come back to the surface, which will be between the dam to the hole and the opening of your pipe, so that shuts off any fresh water sands that would be from the bottom of the pipe to the surface.

MR. MERRITT: 680 feet?

WITNESS: Yes.

Q Explain that D.V. Tool, how it's set.

A Well, I'm going to get into that in just a moment. Then after having set your surface pipe, you drill the total depth, then having reached total depth, the 7-inch casing is run. Then after running the 7-inch casing, you cement the long string down to the bottom of the casing in the

first stage, which would bring it up to about 500 feet above the producing sand. Then after having cemented the lower portion of the 7-inch casing, this D.V. Tool is opened up, and if you care to go into the mechanics of the way that is opened, I'll be glad to, but just briefly, they drop the plug down which opens ports in the D.V. Tool, and allows you to pump your cement down to the 7-inch back to the surface. With this manner here - -

MR. MERRITT: From the plug depth?

WITNESS: Yes, this depth that your D.V. Tool is set. In other words, you'll have them 500 feet up above your producing zone, you'll have mud from that depth up to your D.V. Tool, and if your D.V. Tool is set at 1500 feet, then it'll be cement all the way back to the surface, which will be cement in between, in the annulus between your 7-inch and your 10-3/4. In that manner, there will be no recovery made of 7-inch pipe because it'll all be cemented in.

MR. MERRITT: Let me ask you one more question - if you set your piping drilled to total depth and you get a dry hole that doesn't warrant running a casing, well, how do you protect your fresh water sands below 680 feet?

WITNESS: You'll have to place cement plugs across it.

DR. JONES: That would be just normal completion.

MR. BONEY: That's just normal completion of any dry well.

(Questions by Mr. Carlisle cont'd)

Q He mentions here that at 745 feet, that he proposes, the City, rather, of Citronelle, to drill some more water wells. Under this completion, can you completely take care of a fresh water zone, there, mudding it up or any way?

A Of course, the time intervals from the time that your surface pipe is set until your 7-inch long string is set, these fans will be exposed to your mud, the drilling mud, and during that time interval, if you have any trouble, there might be some loss of mud back into those sands, but once - - normally, it takes about 30 days from the time you spot a well until you're ready to run casing. I believe we're running casing over there today on No. 40, and maybe you have a representative, I believe you have a representative over there.

DR. JONES: No, because of this meeting, we could not have a representative there. My secretary called Mr. Beech saying it was a bad day for us to - -

A But they expressed a desire to witness the running of this D.V. Tool, and we called in yesterday and said that we'd probably be running it today.

MR. BONEY: What's the depth of the fresh water in Citronelle, do you know?

MR. MERRITT: About 800 feet.

DR. JONES: That's where they're producing, but the fresh water beds go somewhat deeper than that, about 1400, I think, then it begins to get a wee bit - - but actually, the drilling mud is going to keep the wall of well in such shape that even though some of the mud goes out, there won't be any large loss unless the cavity - -

A That's correct. You drill your well - you have mud caked, of course, it's been building up on the walls of your bore hole, and that prevents any loss of - -

DR. JONES: We've had that situation in every well that's been drilled beyond the fresh water zone.

MR. BONEY: We had it in the Carter Field and they gave us a core analysis as to whether - - that's common procedure, there, as to - -

DR. JONES: It just happens all the time, so this is not any more of a hazard. Of course, in the case of a dry hole, the plugging of all of our wells is frightfully important and must be done right.

MR. BONEY: Oh yes, I know that. Is anybody in the audience interested in this method - -

MR. MERRITT: The thing that disturbs me is that the only experts we've heard on this thing have been employees of the Gulf Oil Corporation.

MR. BONEY: Well, it's been advertised properly, and I'm

sure if the others wanted to be heard, they'd have been - -

MR. CARLISLE: I assure you that we don't have any intention in any way of injuring the fresh water.

MR. KEYES: I just talked to one of the engineers and - -

MR. FITE: Well, if it does happen, Mr. Carlisle, we're the ones that are responsible. Gulf would say "that doesn't come from our well, that comes from - - -"

MR. CARLISLE: No - I'll bring up the history of this thing. We asked for this exception, and as far as I know, everybody else is setting 1800 feet, isn't that right?

MR. KEYES: As far as I know.

MR. CARLISLE: And we intend to after asking for permanent approval, because these three wells have already been drilled, they're being completed under your emergency order. Those three, we ask for a permanent order there and - -

MR. FITE: Well, I think we ought to stop it right where it is, myself - I'm afraid that - -

MR. KEYES: I'd just like to disquiet any fears because it's not an uncommon practice at all in other states. In Texas, they're doing it all the time.

MR. BONEY: Well, the only thing we have to fall back on is the staff - - as far as us now, we don't know. Gene,

Bobby, and Dr. Jones all recommend it, but that doesn't necessarily make it right, but that's the only thing we have to fall back on.

MR. FITE: You've got three wells that have been completed on the emergency permanent approval?

MR. BONEY: They're in the process of being completed.

MR. CARLISLE: And that's all we ask. We ask for the permanent approval of those three, and the pipes have been made available for us in the first half of this year, anyway, isn't that right?

MR. BONEY: You had 27 wells to be drilled and there's enough for 24 now, is that right?

MR. KEYES: No, we have enough for 13 wells - for the first half. We set up 13 wells to be drilled, the first half.

MR. BONEY: When is your fiscal year?

MR. KEYES: It'll be June - the first half of '57.

MR. CARLISLE: Production for the first half of the year.

MR. KEYES: We've got enough pipe for those 13 wells.

DR. JONES: Mr. Chairman, the Board can, if it wishes, give permanent approval to these three and rescind the - -

MR. BONEY: Well, that's what Gulf was asking for.

MR. MERRITT: In other words, those three as waivers of the Citronelle Rule and leave the Rule as it stands, and

that's what my motion will be.

MR. BONEY: Well, that's all right.

MR. FITE: Well, I didn't understand his question at first.

MR. CARLISLE: Yes sir, I just asked that these three that we've already completed under the emergency order -

MR. FITE: Cemented in accordance with what you're talking about in Item IV?

MR. CARLISLE: That's right, that that be made permanent and the emergency order - -

MR. BONEY: Then go back to your original rule. In other words, we'll have three wells as of now in the Citronelle Field completed under this - - whatever that - -

MR. FITE: In other words, it'll be the intention of the Board not to grant any more exceptions along that line?

MR. BONEY: Unless we have some more information to assure us - -

MR. CARLISLE: That's Citronelle Unit No. 38, No. 40, and No. 47.

MR. BONEY: Did you make that into a motion?

MR. FITE: Yes.

MR. BONEY: All in favor, let me know by saying "aye" - it's been moved and seconded.

(All Board members voted "aye")

MR. BONEY: Now, we have one more Item - I believe that's the last thing on the agenda except for the approval of the minutes, but - -

DR. JONES: Mr. Pierson and Mr. Wilborn are here at my suggestion to discuss the gas well.

MR. BONEY: Well, if you don't mind, let's take this one, here. Mr. Kelton, suppose you come around, please, sir. This is a drilling request by Mr. Kelton to drill in the Gilbertown Field, and the way I understand it, his request is - - it's an abandoned well on this 40, and Lock Realty Company drilled and pumped it quite a while and then abandoned it. It was not a completion. It was drilled at 330 feet on exception at a special hearing. He abandoned it, so Mr. Kelton here takes the lease and wants to drill on that same 40, but he wants to move it to the line of 247 feet, which would be in excess of 330, you see.

MR. MERRITT: Where is the well that was drilled originally?

MR. BONEY: Well, here is the well that was - -

MR. MERRITT: It's in the center of the 40?

MR. BONEY: No, it's in the center of the 330. In other words, the original well was drilled here, see, already moved it 247 feet which would have been 330 here, you see.

MR. MERRITT: Well, that well went dry?

MR. BONEY: No, it produced for quite a while, but the salt water took over and he dropped the lease. He has released the land and proposes to drill at 247 feet and his reason for that is the topographical condition - don't know whether it's the fault or what-not, but you've got to take this into consideration, south of there or east of there you run into the - - Carter Oil Company has a production on the east 40 and Carter Oil Company has a production on the south 40 - there's no production on the north and none on the west. So he wants an emergency permit to drill that well on 247. We have never issued a permit less than 330 without proration, and to give him an emergency permit without telling him how much this Board would prorate it would be an injustice to him and an injustice to us, too, so if we have any way of working out a proration to tell him how much that we can let him produce that well on an emergency, because I'm sure that Carter Oil Company is going to come up and oppose - -

MR. MERRITT: As soon as it's advertised.

MR. BONEY: That's right, as soon as it's advertised. We have an emergency, his lease runs out April the 1st. Whether or not he can get an extension, that's something else, but now, that's the position of this Board and we

wouldn't want to give you an emergency permit to go down and drill your well, and you get down and find it and then we'd cut you down to 15 barrels and you couldn't possibly make it pay you, you see. If the Board told you they'd give you whatever they did before, I think we would abide by that decision, so now that's the thing that we're up against. If Dr. Jones and Bobby can work out how much sand is over on his side and how much producing sand is there, how much oil you're entitled to at 247 feet, we can agree on the amount that's put there, then we'll have to notify the Carter Oil Company, so that's the score. But the only thing I'm interested in here - - I could tell you exactly what I think is best, but you've got the Carter Oil Company in there that's got some 38 or 40 wells, and for this Board to go ahead and do something without an advertisement - - the law says you must do it within 15 days, then if Carter came in and showed us that we're giving too much oil, then - - now, there's our position. It's an emergency and we have to call the meeting for the 15 days and notify the Carter Oil Company about it and have a hearing to give you a depth that you can depend on, but if we give you an emergency now, I think we'd be sticking our neck out and I think you'd be sticking your neck out, too.

DR. JONES: That's the way it would figure out (handing paper to Mr. Boney).

MR. BONEY: 75 barrels? That's about 35 barrels more than the wells on the other side are making.

DR. JONES: Well, that would be the allowable.

MR. MERRITT: Well, those wells won't produce the allowable down there. I think on a percentage of potential -

MR. KELTON: Could I add something here?

MR. BONEY: Yes sir. Tell the reporter your name, please.

FRANK H. KELTON

called as a witness per se, being first duly sworn, testified as follows:

DIRECT EXAMINATION

MR. KELTON: My name is Frank Kelton, Pennsacola, Florida. This well originally produced, I've been told, it had an original production of an average of over 100 barrels a day.

MR. BONEY: Well, the report we have in the office shows that it produced 100 barrels.

MR. KELTON: 100 barrels, I believe it was. Of course, it was naturally doing pretty well, and there was a lot of treatment to the well that I possibly should have studied more before it was put into operation, and I think that was one of the reasons why the production

dropped off as quick as it did. If it had been put on the proper daily production, the well would have held up a pretty long time, but it probably would have ditched in or salt water took over and it couldn't squeeze it off, it shot into the heart section of that formation. I know there was plenty of water, it was pretty hard to handle. I knew that was the original problem. It was a good well, I think it was - - originally, it was a good 100-barrel well, I don't think there's any doubt about it. They produced it that way. I think your records will show that.

MR. BONEY: This well was on an 80 allowable and not a 30 allowable, wasn't it?

DR. JONES: 30 allowable, that's right.

MR. BONEY: In other words, allowable wasn't - -

DR. JONES: Wasn't in vogue in those days. It just sounds like old productions, many of your Gilberttown wells were over produced and we understood that at the beginning because of the economic feasibility of production. You drill a well then - -

MR. BONEY: I think the well was not properly pumped. I agree on that, because there was a small corporation of Lock Realty Company and nobody wanted to put up any more money for not any more than they already had out of the

thing, and he wanted the money, which was right, when you got down where you take some good money to put back into the - - I think we should drill the well over there, you understand that, but the point is, regardless of how it's been treated in the past or in the future, our position is this - we'd like to - -

MR. KELTON: What allowable would you say that would have to be prorated at?

MR. BONEY: 75 barrels is a little high on that well.

MR. KELTON: If we do get 75, I'd probably pump it 50 or 55.

MR. BONEY: I don't believe it would make 75, it might start, but to do that, you wouldn't be getting very much out, do you think?

DR. JONES: That's right. No, this 75 is simply on the allowable under the Field Rules for the Field, but it seems to me that everybody ought to be heard on it, if there's any way to do it to try to work out something.

MR. BONEY: Just like you'd do if the well adjacent to you - - you wouldn't want somebody to get 240 feet from you without being heard, but if you could possibly hold off 15 days on this, we can have a hearing in 15 days or 16 days, call one somewhere.

MR. KELTON: If I can get approval by the 31st of this month -

MR. BONEY: Well, today's the 15th - what about that?

DR. JONES: What about that? You could hold one on the 30th.

MR. BONEY: What day is that?

DR. JONES: Saturday.

MR. KELTON: I've got to begin drilling operations by the 31st - I've got to understand my location.

MR. BONEY: Well, you understand the point I'm talking about here. I hate to go ahead and give you 75 barrels. I think if we did, Carter Oil would come in here with the geophysics of that thing and show us perfectly well that we're entirely wrong.

MR. KELTON: I don't want to involve the Board or myself.

MR. BONEY: That's right. In other words, we want to run this thing just like you'd like to have it run for you - -

MR. KELTON: If they think it's impossible, as far as they're concerned - -

MR. BONEY: No sir, it's not impossible, but we would have to give you proration.

MR. MERRITT: Let's set him up for an advertised hearing on the 30th.

MR. BONEY: All right, if the 30th will suit you -

MR. KELTON: All right.

MR. BONEY: And if you have any information you can bring us or get us to show us why you'd like to have it on 240, we certainly would be willing - - it would be worth a lot to us.

MR. KELTON: Of what?

MR. BONEY: To show us why you want to drill on 247 -

MR. KELTON: Well, it's more or less a topographical deal, here.

MR. BONEY: As far as you're concerned, it's a topographical location?

MR. KELTON: That's right. The location at this point would save me a lot of money. It's a big, high hill right in the back.

MR. BONEY: Also give us a map, not particularly to scale, but just as to the adjacent 40's and what location the well is on on each side of you and who operates it. The Board could give that information - -

DR. JONES: We'll have that available.

MR. BONEY: We'd like to have that.

DR. JONES: All right, Bobby - - we'll give you the production for the past 12 months on each well.

MR. BONEY: Also give us the production in the past of that Lock - - A. Mosely Well. Where would you like to have that hearing set up?

DR. JONES: Where do you want the meeting?

MR. FITE: Where?

DR. JONES: We haven't met in Tuscaloosa in a long time.

MR. BONEY: Well, it'll be all right with me - just all right, Tuscaloosa. Now, Saturdays, you're not supposed to work, are you?

DR. JONES: I haven't found any day in the calendar that suited my job. We'll be ready and there.

MR. BONEY: I was fixing to say something else on the meeting at Tuscaloosa, unless Mrs. Chambers would just like to come over there, with no more on the agenda than that, I don't see that it would be particularly necessary. If she wants to come, it's perfectly all right.

DR. JONES: I think it would be well to keep the routine, if you can make it, Mrs. Chambers -

(Reporter indicated affirmatively)

MR. KELTON: Can I ask you a question? If this can be approved on an agreeable basis all the way around on the 30th, could I start drilling my location on Sunday, the 31st?

MR. BONEY: You could start that afternoon. You can start one minute after the Board makes a decision. We'll let your official application stay here because it covers your bond and your check, and you can start that after-

noon as soon as you get an official approval from the Board - that's right, isn't it?

DR. JONES: That's right.

MR. KELTON: Another question - do you want me to appear on the 30th again? I'll be glad to - -

MR. BONEY: Well, in my opinion Carter Oil Company is going to oppose it. Now, that's just my opinion. You might be able to answer some questions.

DR. JONES: If it were my well, I'd sure want to be there.

MR. KELTON: Well, I don't want to get in any squabble with any oil company.

DR. JONES: Well, it's not that so much, it's just getting what's the best thing.

MR. KELTON: It's just a question of whether I'm eligible to do this. If it's possible to do a drilling that would be profitable, otherwise, I naturally wouldn't want to fool with it.

MR. BONEY: I think this - I think your allowable which this Board will give it, just talking, not knowing it, but I think it would be enough to justify you, since you've got a 100-barrel allowable, and the rest of them are not making - - they're producing some a lot less than that, but they got their money prior to that. I think

you can get enough to warrant drilling it, wouldn't you think?

DR. JONES: I think so.

MR. KELTON: I don't think it's been completed. Otherwise, I wouldn't go in there and spend my money. The equipment has been moved off and plugged, abandoned.

MR. BONEY: Abandoned, and the lease has been dropped.

MR. KELTON: Everything is in position to drill, as far as I know. Mr. Rogers down there told me it was all right.

MR. BONEY: The only thing - - I'm fairly familiar with the situation, and the only thing that's wrong now is according to how much proration he gets, whether it's the standard amount, and if Carter doesn't appear against you, it wouldn't be too bad, but I'm sure that Carter is, at least I think he is. They're on your mailing list, aren't they?

DR. JONES: Yes sir.

MR. KELTON: Thank you.

(Witness was excused)

MR. BONEY: Mr. Pierson, Mr. Wilborn -

(Mr. Pierson & Mr. Wilborn came forward and were seated before the Board)

MR. BONEY: What's the nature of this?

DR. JONES: Just a discussion of the gas field - they have a discovery well.

MR. BONEY: Do we want this in the minutes?

DR. JONES: I think it probably should be, because Mr. Pierson and Mr. Wilborn are from Tuscaloosa, and - -

MR. BONEY: Would you like to swear them in?

DR. JONES: It's just a discussion, I think. This is what the situation is, that they've drilled into gas sand in the Whitehouse Church community between Brilliant, Haleyville, and Marion County. They've been running tests on the well for about a week, and the open flow appears to be around 6 to 8 million cubic feet a day, and yesterday we were all up at the well using various chokes, and it seems that $3/4$ to $7/8$ inch choke would probably produce a million cubic feet a day, and I think the operators, and of course, the Board have a common interest there for as much gas as can be taken out of that to keep from spoiling the bottom hole pressure in the sand. We know nothing at all about the extent of the sand, but enough gas has been taken out now that it is pretty well assured that it's not a pocket, but it is a bed.

MR. BONEY: What's the depth?

DR. JONES: About 1600 feet.

MR. MERRITT: Is this in the Lewis Sands?

DR. JONES: Yes, what we call the Bethel Sands (phon.) They went a little too deep with the well and got into salt water. The well then was carefully cemented, perforated, and fractured, using an acid frack on the sand, an acid sand frack. The pressure yesterday when we arrived at the well on casing head valve was 660 pounds, and after it was blown open, some pressure went down to about 635, and then every time the valve was closed, why, it immediately came back up to its original pressure of about 660, sometimes a little above that. The salt water no longer shows up in it, there was salt water for a while, and it seems to me that it is truly a discovery well, and I hope the Board will recommend some name to the Names Committee of the American Petroleum Institute of Whitehouse or Whitehouse Church. Whitehouse is well known in the community. The pipeline, there is a pipeline only 200 or 300 yards away, and they're in position now, if they make the right deal that's satisfactory to all concerned, of piping gas directly from the well into the pipeline. It's northwest - - and that means, then, that before we could come back before another meeting of the Board that they might want to be putting gas from the well into the line. Now, that's a different situation entirely from N. E. Jones' (phon.) well from East Bank-

ton (phon.) That's a well from the pipeline and we've still got it on our records as a shut-in gas well, but this need not be carried indefinitely as a shut-in gas well because the facilities are now available for producing it at once, and it seems to me - I have not talked this over with Gene White, our Petroleum Engineer, but it seems to me that the initial production might start off at a million cubic feet a day, and I think that would be satisfactory to the operators, and then watch the pressures and see what it's going to do - it may be that a lesser amount or a greater amount might be the right thing to do.

MR. MERRITT: Is that a dry gas - -

DR. JONES: It seems to be, although I noticed yesterday after it had been running for a little while that the color of the flame changed from yellow to a bright orange and I suspect that it may, after producing for a while, may possibly come into some gas condition.

MR. BONEY: Would you like to put that on that called meeting agenda?

DR. JONES: I wonder if that wouldn't be well to - - but you may not be producing.

MR. PIERSON: That's the one thing - - we've spent quite a big sum of money and we have 20,000 acres up there and

we were going to develop a field, but you know, you kind of have to walk just a little bit - -

MR. CARLISLE: Gentlemen, I might ask, was that drilled as an oil well?

MR. PIERSON: Was it drilled as an oil well?

MR. CARLISLE: Yes sir, on a 40-acre permit?

DR. JONES: Well, they were drilling on a 40-acre permit, yes sir.

MR. BONEY: Where are you figuring on drilling this - -

MR. PIERSON: Well, we were just going into that, you see. Of course, before we did anything at all, we were coming to the Board again, but - -

MR. MERRITT: Are you familiar with the action we took on the Hamilton Field?

MR. PIERSON: How's that?

MR. MERRITT: The Hamilton Field, are you familiar with the action we - -

MR. PIERSON: No, I'm not.

MR. MERRITT: We put that on 40-acre spacing. Are you planning any off-sets for the present?

MR. PIERSON: We thought we might jump over 80 acres, which would - - but we would go by what the Board wanted us to do. The main thing we want to do is start getting in some money as quick as we can.

MR. MERRITT: I think it would be a good idea to get your ultimate future allowable - -

MR. BONEY: Well, as I mentioned before, I don't think it will make much difference to them for the next well or two what you did, then it would give us an idea as to what - - because we don't want to possibly get in there and have some illegal wells like we developed in the Hamilton Field. They weren't even legal wells. They were drilled on oil permits and they came up with gas, and we had to space them on 40 acres to hold them, to get them down to legal spacing, you understand.

MR. PIERSON: Yes sir.

MR. BONEY: And as Mr. Merritt says, it would be a very good idea to get your ultimate future allowable, to start out with that, but I was fixing to say, then go ahead and drill two or three more wells before we - -

MR. MERRITT: Would you like for us to set an allowable today?

MR. PIERSON: We'd appreciate it, if you would, because we can go - -

MR. BONEY: We can set it on this one well -

MR. MERRITT: I move that a temporary allowable of a million cubic feet be set.

MR. FITE: I second it.

MR. BONEY: He's drilled the well and he wants to put his money in there -

DR. JONES: It's not going to ruin it, I guarantee you that.

MR. PIERSON: Well, I believe this - we figured 7,666,000 open flow, and that shouldn't ruin a well.

MR. BONEY: Well, if it does, the Board can take the loss if you can. Put that on the agenda, Bobby, for hearing and then if there's anything that comes up, we can take it up then.

MR. CARLISLE: Mr. Chairman, I'd like to ask one question - they concede it's a gas well - -

MR. BONEY: Beg your pardon?

MR. CARLISLE: They concede it is a gas well, there's no question about it.

MR. BONEY: Yes.

MR. CARLISLE: Will the next permit be issued for 40-or 80?

MR. BONEY: Well, I figured the next two or three wells might be issued on 40 or 80 or whatever they might want to drill it on, and as to the question, would the Board let them drill as they wanted to for the next two or three wells on a 40 or - -

MR. CARLISLE: Well, that's going to set the spacing pattern.

MR. BONEY: We'll have to make an exception for three wells and then make a spacing thereafter. We did that on the Donovan No. 1 in the Citronelle Field.

MR. CARLISLE: Well, what I mean is you've got three 40 acres, it wouldn't be 40 acres.

MR. BONEY: In other words, if you drill a well on each 40 thereafter and it's decided at that hearing that we didn't care to go on 40-acre spacing, we could make an exception to those three wells and then set up a spacing.

MR. FITTE: What I think they're trying to do is more or less determine the extent of their field. They might go over 40 and then there'd be a dry hole. That's conceivable. I think they ought to be allowed to wildcat along until we see something of what we've got.

DR. JONES: I think we've got to develop the personality of the sand as well as the extent of the field.

MR. WILBORN: Well, I consider the temporary allowable is on the low side.

MR. BONEY: Well, I suggest that he go ahead and drill three more wells and then the Board take an extra spacing at that time.

MR. WILBORN: Mr. Chairman, can I ask a question?

MR. BONEY: Give the reporter your name, please.

MR. WILBORN: M. H. Wilborn, Tuscaloosa, Alabama. If

they were only 40 acres away from this well, would that cut down the allowable production?

MR. BONEY: Not at this time, I don't think so.

MR. PIERSON: They've already set that.

MR. WILBORN: We wouldn't want to have 40 here and 40 there and - -

MR. MERRITT: It might cut down the production of your gas well.

MR. BONEY: It might cut your oil production down, but I ^{think} don't ^Athe Board would change the allowable.

MR. WILBORN: I still think we'd like to jump 80 - if we lose that one, we'll try another one.

MR. BREWER: I'm John Brewer, representing the First National Bank of Birmingham, the lessor for Mr. Pierson and Mr. Wilborn. Mr. Chairman, I sort of agree with Mr. Wilborn, if we did just move one 40, I feel like the Board - - if it is as large as we anticipate later, the Board might feel inclined to increase the spacing to above 40 acres, and I more or less agree with you, Mr. Wilborn, that we might see some benefit in trying to stay a certain distance away now in accordance to the Board's present feelings and recommendations, rather than moving just one 40 away, because I don't believe we'll ever find permanent orders on 40 acres on wells of this size.

MR. BONEY: I think the Board - -

MR. MERRITT: Well, I think that's best what Dr. Jones had reference to when he said - -

MR. BONEY: I think the Board would feel a little better if you would skip a 40. I think that would give you what you want to know and you certainly would get us away from a close inch spacing.

DR. JONES: If one unit is all they have there, why, they might as well find it out.

MR. BONEY: You'd want to know it anyway, so I think it would be better to skip a 40. Not that the Board is making out a policy to do that, but that would start us out with a special pattern.

MR. WILBORN: As long as we're wildcatting, you leave it up to our judgment as long as we are 40 away?

MR. BONEY: Well, it's not but 40 wide, if you go and skip to 80 and don't see any over there, you've got a very small area to operate on anyway.

MR. PIERSON: You can't skip too far and spend 40 or \$50,000 - you get tired of doing that.

MR. BONEY: That's what I say - you skip a 40 and it wouldn't hurt you too much.

MR. FITE: Well, I don't think we ought to leave it up to - - until they drill about three more wells.

MR. WILBORN: I think that's a good idea.

MR. BONEY: Well, I mean, that's just a suggestion. If you go out there and find you should drill on the next 40, well, the Board's not going to interfere.

MR. WILBORN: Well, I think you've all been very kind.

MR. PIERSON: I do too, we thank you and appreciate it.
(Witnesses were excused)

MR. BREWER: We certainly are happy in North Alabama - our bank has quite a few acres up here.

MR. FITE: Let me ask you something - what are these wells up here on the edge of Winston County, Texala and - - what is the situation about those? Now, I know one of them, they apparently had a pretty good show of oil in, isn't that right?

DR. JONES: That's right.

MR. BREWER: Texala is drilling on a 2,000 acre farm they've leased to Shell. Shell in turn has farmed out to Texala 2,000 acres that they may earn by drilling into Tuscumbia, which is around 1800. The depth has been completed on one of the wells, and the swab (phon.) is presently lost in the hole and has been for about a month. The other No. 2 well to be drilled is down to 500 and something feet.

MR. MERRITT: These are rework jobs?

MR. BREWER: These are shut-in wells that were completed in 1947 by Glen Rose, who also owns the 2,000 acre farm, and various tests have been run. They had a Bureau of Mines test made in '47 for Rose, but I don't know for what occasion the Bureau of Mines had to test it or what they used, but I do have the written test - it was 510 pounds pressure and a million a day overflow. Those will be reworked by Texala, and after they earn the farm out from Shell - - of course, they have nothing until they complete their second well also.

MR. MERRITT: That's where the swab's lost?

MR. BREWER: No, it was lost when they completed at 1800 feet.

MR. FITE: Let me ask you something - the swab's lost, has there been any effort made to recover it?

MR. BREWER: Yes, there has.

MR. FITE: Constantly or - -

MR. BREWER: Constantly there have been efforts made to recover it but it's in the tubing. The cable broke and they attempted to swab it, it was rusted, and they tried to pull it out with a spear (phon.), and they got a piece of cable every time. They've pulled over 1100 feet of cable out, breaking all the time, but down to the swab, now, and the breaking of cable, of course, pieces of

cable fell down on top of the swab, just like a bird's nest jammed down around the top of it. It apparently had been cutting that up and washing it out, the various tools they've devised, and they have decided to try to drive the swab to the bottom of the hole, they can still get below their lowest perforation, which is in the Hartselle, around 50 - 50 or 60, one, I believe. It didn't perforate the Hartselle, they're trying to swab that, but if they're successful in driving it on down, they can attempt to get production from their two other upper zones that look very good on the Jim Ray neutron log (phon.), and show up very good on mica (phon.) log tests. Permeability and verocity both look very good. There are some natural difficulties that seem to be the main items right now, but we're very interested in this area around here - our bank has approximately ten wells on leased acreages at this time that are being drilled, and Mr. Wilborn and Mr. Pierson we believe are the two people that have really spent money for the logs, the fracturing and cementing by professional companies, and we feel they're responsible for what they've gotten on - - if they had some more money and - -

MR. MERRITT: Well, that sort of brings us back up to something you and I discussed recently, the other day,

about the Board testing these shut-in wells. It's my feeling that all the wells that are not dry and abandoned should be tested and the information be made public, if they're going to shut them in.

MR. FITE: I think that's right.

MR. MERRITT: We're carrying, I think, five or six gas wells in this area, shut-in wells, and as far as I know, nobody has ever gauged any of them. Did you tell me the Board can buy equipment for - -

DR. JONES: We have a list of equipment now and the purchase is underway.

MR. FITE: You've already initiated steps to purchase the equipment?

DR. JONES: Yes.

MR. FITE: Well, what do we have to do - make a motion to test all the shut-in wells?

MR. MERRITT: I would think so.

MR. FITE: Well, I make a motion.

DR. JONES: I think we can do that through simple instructions - we're going to do it anyway.

MR. FITE: Bobby, have you watched that well, the one the swab's lost in, or made any tests on it?

MR. MacELVAIN: Yes sir, they're making ~~very~~ slow headway on it. I haven't been up there since they got down to

the swab.

MR. FITE: Did it ever slow any before the - -

MR. BREWER: It circulated oil out of the hole with the drilling fluid. It wasn't any solid oil, it was rainbows (phon.) and some brown oil.

DR. JONES: There have been oil shows in every one of those Glen Rose wells.

MR. FITE: Well, there's been oil shows in nearly every one that's been drilled, but I was thinking, I was under the impression, I don't know where I got my information, but that there was a substantial showing in that well the swab was lost in.

MR. BREWER: That's right, it was over 154 feet of cores, it was cored all the way and I saw it before and Shell tended the cores at the spot, their geologist was there, and they shipped them to a mica log to determine the core zone and Shell itself has all the cores in Jackson now.

MR. FITE: Well, do we have that information?

DR. JONES: Not yet, but - -

MR. FITE: Well, why - aren't we supposed to have it?

DR. JONES: We don't require it until after the completion of the well. Of course, we like to have it, but the cores come to us after the well is completed, but I watched the Glen Rose drilling very carefully and there were shows of

oil in the No. 2 and No. 3, First National Bank wells that I thought at the time that careful nursing might have made oil wells - they may have been small ones, but it was quality oil, but of course, the Glen Rose story is that - -

MR. BREWER: Same story, ran out of money and that was it. The No. 1 well is a shut-in gas well, and it looks to me like a very nice one, but it's a well - - it takes a lot of money to get the gas through the pipelines to the consumers, but the No. 2 and No. 3 should have been equally good in gas production as the No. 1.

MR. FITE: Well, now, is that a 150 foot core there of - -

MR. BREWER: About 154 from - - a section in there, I'm not too familiar with that, that would be the lower Pennsylvania - -

DR. JONES: Yes, probably would, the lower Pennsylvania sand.

MR. BREWER: In the Hartselle, 50 or 60, and they drilled into the Tusculumbia which was - -

MR. FITE: How much did the Hartselle core show?

MR. BREWER: About 60 feet.

DR. JONES: That's about all of it.

MR. FITE: The verocity on that was indicated as being good?

MR. BREWER: I don't recall just what it was. The highest permeability in the well was 35. something, and that was in the Pennsylvania, 1084 -

MR. BONEY: Well, it looks like there's more oil there than it is gas.

MR. BREWER: Well, we know that gas is there - it's an off-set 40 to the capped in (phon.) well. The digging well is in correlation with the log from Gunter's (phon.) well, and the sands were a little watery where the swab was in because of the lower formation, but they came out exactly the same, the same shale streaks, the same formation, the same depth - - there's no reason why it wouldn't be the same gas production. The shales are yellow, and Shell has watched it very closely. They're trying to swab it. Since they lost the swab, they haven't done anything but try and get the swab out ever since.

MR. BONEY: Are there any other questions?

(No response)

DR. JONES: We thank Mr. Brewer for being here, and we hope you'll be in Tuscaloosa on the 30th.

MR. BONEY: Would anyone else like to come before the Board? How about Mr. McDonald - you're just a spectator, is that right?

MR. McDONALD: Yes sir, I'm glad to be here.

MR. MERRITT: I move the approval of the minutes of the last meeting.

MR. FITE: I second it.

MR. MERRITT: I make a motion that we adjourn.

MR. FITE: I second it.

MR. BONEY: We stand adjourned, then.

(Whereupon, at 11:47 A.M., 15 March 1957, hearing in the above entitled matter was closed.)

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