

STATE OIL & GAS BOARD OF ALABAMA

Montgomery, Alabama

27 September 1957

Testimony and proceedings before the State Oil and Gas Board, in the State Capitol Building, Montgomery, Alabama, pursuant to adjournment, on this the 27th day of September, 1957.

BOARD PERSONNEL PRESENT:

DR. WALTER B. JONES, Secretary & Supervisor

MR. LINDSEY C. BONEY, Chairman

MR. VERNON MERRITT, Board Member

MR. WILLIAM G. O'REAR, Attorney

MR. ROBERT MacELVAIN, Ass't Supervisor

MR. GENE WHITE, Petroleum Engineer

(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 Oil Corporation
E. K. Hamby, Jr.	Special Atty. for the Board
Forest Castleberry	Ala. Journal & Assoc. Press
R. C. Wood	Self
Miss Mary Claire Ryan	Member of Staff

P R O C E E D I N G S

(The hearing was convened at 10:40 A.M., 27 September 1957)

MR. BONEY: The meeting will come to order.

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

MR. BONEY: Item No. 1 is to consider petition by Zach Brooks Drilling Company, El Dorado, Arkansas, that forced pooling of the SW $\frac{1}{4}$  of the SW $\frac{1}{4}$  of Section 36, Township 2 North, Range 3 West, Citronelle Field, Mobile County, Alabama, be required.

MR. O'REAR: Mr. Chairman, Zach Brooks' office called me from El Dorado yesterday and they said that they had an Asian Flu epidemic and there was only one man left in the office, and he said he was too sick to come to Montgomery. He explained what they were trying to get here, and here's all his papers, including the petition and notice and the order. He stated that Zach Brooks has a 92.594 interest in the unit, and that a Mrs. Mildred Robinson Sweet had refused to enter into an agreement.

MR. MERRITT: Read that percentage again.

MR. O'REAR: 92.594%.

MR. BONEY: Has the signature on that much?

MR. O'REAR: Yes. Now, Mrs. Robinson Sweet has refused

to enter into it. She owns 1.2341%. Now, there's some 30 other people involved in the unit in the remaining 7% or 6½%. Now, this is a farm-out from Gulf, he told me, and everybody down there was ready for it to go down. They have the rig waiting.

MR. BONEY: Is anybody here that opposes it?

(No response)

MR. O'REAR: He said there wouldn't be, and I don't think there is.

MR. BONEY: They just didn't sign, but they don't particularly oppose it?

MR. O'REAR: That's right. He said this Mrs. Sweet didn't oppose it, she just didn't want to enter into the agreement.

MR. BONEY: Nobody opposes it?

(No response)

MR. CARLISLE: Actually, Mr. Chairman, I think this is right, Dr. Jones, we originally looked at a permit on that---

MR. O'REAR: That's right.

MR. CARLISLE: At that time, we wouldn't enter into it, as far as we're concerned, and then we signed it to Zach Brooks and they discovered some question of title in there, that's my understanding.

MR. BONEY: Do you have a copy of the signatures, Bill?

MR. O'REAR: No sir, I---

MR. BONEY: How do we know that they have agreed to integrate?

MR. O'REAR: Well, I was taking his word for it.

MR. BONEY: Well, I'm taking yours for it, I mean, that's just--- I'm sure they have.

DR. JONES: Doesn't he certify to a statement there?

MR. O'REAR: I haven't read this. I just got this a minute ago.

MR. CARLISLE: I can state this much into the record for Gulf Oil Corporation, that we have entered into an agreement with them on a farm-out assignment of our interest in that unit.

MR. MERRITT: About how much interest does Gulf have?

MR. CARLISLE: I don't know, frankly. As I told you, I thought they would be here. Whatever interest we had, we assigned it to them.

MR. O'REAR: Well, they said they had one refusal, that being Mrs. Sweet.

MR. BONEY: Well, it's been advertised, and if there were any opposition to it, I'm sure the opposition would have been here today, as to that part of it.

DR. JONES: That's right.

MR. BONEY: There's no question in my mind but what he

has a percentage of the signatures that he says he has, as far as that's concerned.

MR. O'REAR: Well, Gulf probably had over half of them before they assigned it.

MR. CARLISLE: Had over half lease interest, and we assigned them whatever we had, I can state that into the record. I don't know what the percentage is.

MR. O'REAR: Well, he gave me the percentages, but didn't state who the other parties were, other than Mrs. Sweet. I have her full name here, Mrs. Mildred Robinson Sweet.

DR. JONES: The petition itself has not been notarized, signed before a Notary?

MR. BONEY: Signed, but not signed before a Notary. I believe it's on their request here, isn't it?

MR. O'REAR: Yes, here's the order.

MR. BONEY: That's already drawn up, huh?

MR. CARLISLE: That petition is signed by the attorneys for it. This time base the permit on the original permit you issued, because you know we transferred that permit to them under a request to you, Dr. Jones.

MR. MERRITT: I move that it be approved.

MR. BONEY: It's been moved that it be approved. Is there any discussion?

(No response)

MR. BONEY: I second the motion. Item No. 2 is to consider petition by L. M. Glasco, Dallas, Texas, to drill three off-center stratigraphic test wells in Greene County, Alabama. Is anybody here representing Mr. Glasco?

MR. MacELVAIN: Mr. Glasco is not represented, Mr. Chairman. What happened here, he's drilling these trying to find oil down in Greene County, and I have a map of Greene County here to show you the general area in which he's drilling. We made him take out these permits. We actually thought he was just going to be strat testing, and that's what it turned out that he was doing.

MR. BONEY: Let me ask this question - how deep is this proposal? I haven't seen it.

MR. MacELVAIN: He took out seven. There are only three here that are off-center. He took out normal permits on four and he wants permits on these three.

MR. BONEY: How deep is the proposed depth for them?

MR. MacELVAIN: 1900 feet, and it's all in fresh water, it's in this area right here (indicating on map) in the west end of Greene County, if you want to see where he's drilling. It's strictly fresh water all the way down here into---

MR. BONEY: Where are the four wells with the regular permits, center locations?

MR. MacELVAIN: I've forgotten just which ones they were

here, one, two, three--- there was another one in here, this one, I think, was less than 300 feet off, less than 150 feet from the center, as I recall.

MR. BONEY: Where is his application?

MR. MacELVAIN: His applications are here for these off-center ones.

DR. JONES: Mr. Chairman, for your information, I insisted that he take out permits for those wells because of the fact that he was cutting the beds that would normally be expected to produce oil or gas.

MR. BONEY: I think we made some kind of a ruling, decision, or something, when the fellow Williams was drilling over here somewhere, and I don't remember what our---

MR. O'REAR: In Barbour County, I believe it was, or Bullock.

DR. JONES: That's right, Bullock.

MR. BONEY: And he was drilling it, oh, what depth, do you remember?

MR. MERRITT: 2,000 feet.

MR. BONEY: Without any permit or anything, and we made a ruling, I believe, or passed some order or something that he would have to get a permit to drill those wells.

DR. JONES: That's right.

MR. BONEY: At that depth, and of course, that would take

care of this, if we passed that, which I think we did.

DR. JONES: Well, it has been our policy there in the office of---

MR. BONEY: How long ago--- these were properly advertised, weren't they? There was time enough to get the off-center locations, wasn't there?

MR. MacELVAIN: These were advertised. This water he's drilled all right in there has proven the fact that it is fresh water. He did an electric log on it, strictly a strat turnout, but we thought it would be a strat test and made him take out permits in case he hit any salt water, which he did not do in the first four.

MR. BONEY: What did he do with the other wells?

MR. MacELVAIN: He hasn't drilled them yet. It's just the off-center that's the only thing he's getting permission from the Board on. Everything else is---

MR. BONEY: Those things would have to be sealed mighty good, wouldn't they?

MR. MacELVAIN: If there's any salt water there.

DR. JONES: That's what we do on every well that's drilled under a permit, then anyone who drills the strat test at whatever depth will have to themselves take the same care in plugging a strat test for which there's no permit as if a permit were granted. That's preserving the fresh water supply of the

State, and so even though four of these turned out to be fresh water wells, still the other three for which he's asking permits might be different things. He's still cutting beds that would normally be expected to produce oil or gas if it were there, and I think we must have permits on all such wells regardless of depth.

MR. BONEY: I think we ruled on that, to the best I remember, that's still Department of Conservation, when Williams was--- I don't remember what the decision was.

MR. O'REAR: It's been about two or three years ago.

DR. JONES: It'd been up several times before.

MR. MERRITT: Well, Williams was really---

MR. BONEY: Really hunting an oil well. This man here has just found out information on an oil well.

DR. JONES: But still, anybody could go into the same plan and we would not need to issue any permits at all until they'd actually found oil.

MR. BONEY: But 1900 feet in Gilberttown is getting down just a little close. You get production at about 2700.

MR. MacELVAIN: You'd be in salt water by the time you got there, but up here you do not.

MR. BONEY: I know, but up here you're going to have to make this Statewide, this ruling, if you make it to make them get permits, it should be Statewide, don't you know.

DR. JONES: For beds that would normally be expected to

carry oil and gas. In the Tennessee Valley region, you might have commercial oil at 200 or 300 feet.

MR. BONEY: Well, I understand that.

DR. JONES: I saw a producing well myself in Kentucky 90 feet deep producing 150 barrels of oil a day, so let's get the---

MR. BONEY: But you can't unless you break it into districts or zones, then you'd have to make it generally State, unless you want to make it different zones, if you want to drill up there at a shallow depth without a permit, you see what I mean.

DR. JONES: That's why I don't think we ought to ever set any specific depth for strat testing. I think we ought to give him the approval on these things so that he can drill them.

MR. BONEY: I make a motion that---

MR. MERRITT: Let's see, now, what's the reason for the off-center location?

MR. MacELVAIN: It's just that he's trying to test a strat trend. He's applied his test all the way and thinks he'll get his best character of the sand. In other words, he states that he's trying to find out the structure, something egg-shaped.

MR. MERRITT: No wells have been drilled as yet in that area?

MR. MacELVAIN: He's taken out four normal permits which---

MR. MERRITT: That he drilled?

MR. MacELVAIN: They have been drilled. He just wants to fill in the structure. That's what he's doing.

MR. BONEY: And he thinks that's what it will do, create an off-center location?

MR. MacELVAIN: Yes.

DR. JONES: If he drilled them normally, he thinks he'd miss it, so he wants to be on structure with these things, and I recommend that the permit be granted.

MR. BONEY: I make a motion that it be granted.

MR. MERRITT: I second it.

MR. BONEY: Item No. 3 is to consider petition by N. E. Jones, Fayette, Alabama, for approval of plan to recover shallow oil in Fayette County by pressure injection methods in multiple wells upon 40 acres. I believe Mr. Merritt wants to make a speech on that.

MR. MERRITT: I want to hear something about it, though.

MR. BONEY: Who's representing Mr. Jones?

MR. MacELVAIN: Mr. Boney, you have a letter there from Mr. Jones---

DR. JONES: He is laid up with a broken leg and he has placed the thing in our hands.

MR. MERRITT: Has any dead oil been produced by pressure injection other than secondary recovery?

MR. MacELVAIN: Glissenite oil has not that I know of, has any gravity oil -- Gene, what do you think?

MR. WHITE: Well, I think it's dead to start with, so I don't see where we could do anything but gain from it, I mean, it's never going to be produced by normal methods. I don't see any way from a conservation standpoint that we could possibly lose anything by letting him go ahead.

DR. JONES: Let him go ahead. What he's asking for, actually, is 10-acre spacing.

MR. WHITE: Well, if he can do that thing there and it proves economical, he can do it all over Warrior Basin, because it's dead oil almost everywhere. I'd like to see him go ahead and try it, even though I doubt very seriously if it'll work, I mean, that's my personal opinion, but I'd like to see him try.

MR. MacELVAIN: He's got a rig out there waiting now, so he could start tomorrow.

MR. WHITE: If it's that shallow in depth, I don't see why they don't sink a shaft and mine the stuff. It'd be just as easy.

MR. BONEY: He says he's trying something that's never been done in any other place.

MR. MacELVAIN: Well, that is incorrect, I believe. The glissenite deposit---

MR. BONEY: Could you go ahead and give him permission to drill on this particular 40 and not go any further? I wouldn't want to make a State rule on that, what I mean---

MR. MERRITT: At 600 feet, have you seen coores out of it or anything?

MR. MacELVAIN: He hasn't cored any yet. I talked to Mr. Jones about 10 days ago and what he really wants, the whole thing is an unknown, it's in the nature of a growth exploration. He doesn't know anything except that there are beds, shallow beds, with dead oil there and how can you produce it. That's all he's looking for is a way to do it, and he proposes maybe starting the thing off by injecting diesel fuel into a well in the center of a 40. These wells around there will look just like the five spot on a dice, pressure injection in the center and four other wells is what he has in mind, but that may not be it at all, and to kick loose the oil at 20 feet under the ground or 50 feet or 100 feet, nobody knows. They just want to explore it and find out if it can be produced and what it would take to produce it.

MR. O'REAR: Well, does Mr. Jones own this property or does he have leases on it?

MR. MacELVAIN: He has leases on it.

MR. O'REAR: Well, what do those folks think about it?

MR. MacELVAIN: Well, people have been picking around wells up there for 40 years and nobody's got a commercial well yet.

MR. WHITE: If it can't be produced any other way, what can you lose?

MR. BONEY: Has he ever produced any from this one well?

MR. MacELVAIN: He hasn't drilled any wells yet, Mr. Boney.

MR. WHITE: He's got a gas well, but he sold that well. He goofed with that property.

MR. BONEY: It's not under production, is it?

MR. WHITE: No sir.

DR. JONES: There's no pipeline to it, Mr. Boney.

MR. BONEY: I've been to the well at Fayette that he drilled, the gas well.

DR. JONES: As far as--- I don't know what the law is. I think if you approved the thing, it would have to be approved for that horizon, wherever it is found.

MR. BONEY: That's what I--- I wouldn't want to make the thing Statewide.

MR. WHITE: At that shallow depth, you're going to have to watch your fresh water injecting fluids under high pressure.

MR. BONEY: Where is your fresh water there?

MR. WHITE: I don't know.

DR. JONES: You won't know till you drill the well.

MR. BONEY: Well, I mean, haven't you got any wells close to it?

DR. JONES: Nothing.

MR. BONEY: Well, normally, what do you think it would be?

DR. JONES: I think actually what happened was that somebody was drilling around up there at some time or another and found this thing at a shallow depth, and now Mr. Jones wants to move in and see if he can't get it out.

MR. MERRITT: What formation is that, the pennsylvania?

DR. JONES: Yes.

MR. MERRITT: Have you got any---

DR. JONES: We won't know till we get the cores.

MR. BONEY: They haven't swabbed it?

DR. JONES: They're not to the point where they can do any technical work on the well.

MR. MacELVAIN: He just wants to explore, Mr. Boney. That's his words to me.

MR. BONEY: I believe that's a local outfit, isn't it?

MR. MERRITT: He said something about a core in here in one of these letters.

DR. JONES: That was in the engineer's report, that the

core that was submitted to him led him to believe that this thing could be done. Now, I know nothing about the engineer.

MR. MERRITT: "...Many of them had good gas pressures by the evidence of these cores which I have seen..."

DR. JONES: He's willing to give us a sixteenth override to N. E. Jones plus a sixteenth to Harkins, and I agree with Gene, that there's no harm to try anything that can be---

MR. MERRITT: May I see his petition, please?

MR. MacELVAIN: He doesn't have a petition. That letter is---

DR. JONES: That letter is all there is.

MR. MacELVAIN: He just--- really what he wants is a free hand to develop it as he goes along.

MR. BONEY: Well, he should have some formal application or something on that, shouldn't he, Bill?

MR. O'REAR: Well, yes. Let me see it, I haven't looked at the letter.

MR. BONEY: I think we should have a formal application of some kind or something to go on.

DR. JONES: Of what he's going to do and how he's going to do it.

MR. BONEY: That's right.

MR. MERRITT: And of which 40 acres he's going to do it on.

MR. O'REAR: Yes. I don't see how the Board could issue an order when you don't even have a description of the property, or do you have one somewhere?

DR. JONES: No.

MR. MERRITT: Well, here's--- there's one in the engineer's report, I believe.

MR. O'REAR: It says in Township 14 and 15. That's a lot of acreage, 45,000 acres.

MR. BONEY: I think he still should submit an application to drill his well. It could be off-center and so forth, and if the Board would have a hearing, somebody on the adjacent 40 might object to it and show reason why.

MR. WOOD: Get part of the waterfront in here, maybe.

MR. BONEY: Yes, it could do a lot, and I think that they should be here, unless nobody knows anything about it. If they did, they're not here, and they were sufficiently notified, but I mean the descriptions were not shown.

MR. O'REAR: I think the Board might write him and tell him they're either sympathetic with the proposition or they're not, and if they are, then to present his petition.

MR. MERRITT: Well, we are, of course.

MR. BONEY: Well, I'm sympathetic with it.

MR. MERRITT: Well, in that case, let him submit a proper petition for what he wants, but if the Board is not sympathetic,

there's no point in having him go through all that.

MR. BONEY: Well, I'm inclined to be sympathetic with him because there hasn't been any produced up there and this may be the beginning of it, you can't tell. Certainly we'll know, but I don't believe we can operate without a petition or without any applying or something showing us where he's going to do it and what part of the 40 and so forth. Don't you concur with me?

DR. JONES: Right, but since he is laid up with a broken leg, would the Board approve a plan whereby it would contact Mr. Jones and try to lay out the ideas that have been expressed here, the things that are to be done, and to give him such assistance as we can in preparing his petition to the Board?

MR. BONEY: I think that would be nice.

DR. JONES: Now, Bill, are you in position or willing to help with the preparation of that thing? I don't think he has any money.

MR. BONEY: All I know, he came in the house and talked to me. He's got a good line, he must have some good supporters, because he's been plugging along for quite awhile.

DR. JONES: Oh, yes.

MR. BONEY: He's been getting the money from somewhere, and he probably could get this, and I think the Board should give him some assistance because I don't think he knows what

it's all about, the routine of this. He might know the oil business.

MR. O'REAR: Well, it's really simple to work up a petition. He has an idea of where he wants to start and what he's going to do.

DR. JONES: Bobby, do you think you can carry through on that some?

MR. BONEY: Well, he won't need any help after tomorrow. If he can't get permission to start tomorrow, his leases are automatically voided, and there you are again.

MR. MacELVAIN: He'll never start if he can't start--- let's see, I think it's--- I've forgotten the date that it was but it's just about out. He's got a drill out there now and they're going to start as soon as he gets a free hand to start drilling.

MR. O'REAR: Insofar as I can see, there's no description in here except in Township 14 and 15. Well, hell, that's some 40,000 acres.

MR. WHITE: What does he have to do in order to hold this well?

MR. MacELVAIN: Just drill a hole, just start drilling.

MR. BONEY: Well, he'd have to drill a center hole.

MR. MacELVAIN: He has 60,000 acres there and it's pretty much in the middle of it.

MR. BONEY: Well, why doesn't he do this -- he's got to drill his center hole, and I'm not very familiar with this, but I believe---

DR. JONES: Well, that would certainly be in the center of a 40. We could approve that, and he'd have to take his chances then on the rest of it.

MR. BONEY: Well, I think the Board is sympathetic to that. I'd like to see it done.

MR. MERRITT: I'd like to see it done.

MR. BONEY: I think the Board would do it, but by the time he drills his center location, it would certainly take him a month in that rock.

DR. JONES: Yes sir, it certainly will.

MR. MacELVAIN: He also--- I believe he's going to drill 200 wells, and he doesn't want to get a permit for each well.

MR. BONEY: He doesn't want to? He'll have to move to Mississippi for that.

MR. MacELVAIN: He just wants to take out a---

DR. JONES: Any well drilled for oil or gas in Alabama must have a permit or we'll have chaos.

MR. BONEY: Suppose you take that up with him, Bobby?

DR. JONES: We can immediately approve a permit for the center location on a 40---

MR. BONEY: Yes.

DR. JONES: And that the Board is sympathetic toward the idea, but simply must have a petition, a formal petition.

MR. MERRITT: I don't know how we could write an order granting what he's asking for.

MR. O'REAR: You couldn't.

DR. JONES: Until you know what he's asking for. O.K., then, that we will do.

MR. BONEY: Maybe some people on the outside would like to be heard on that. You see, if you go to injecting in that, you might tamper with the adjacent 40, and somebody might have a lease on it, and I think that would be better, if he wants to go along with it. He's got to drill that center well first, and the way I understand that rock, he'll be there another 30 days anyway on that well.

DR. JONES: Yes sir.

MR. BONEY: I think that's about the only thing we can handle.

DR. JONES: It will be done.

MR. BONEY: Who else would like to be heard? Gulf must be on solid ground, they don't want to be heard on a well since Zach Brooks didn't show up there. I didn't know--- you mentioned it this morning, you know.

MR. O'REAR: Yes, he called me. He said everybody in the office was sick and he said he thought he was going home. He

felt so bad, he thought he was going home.

MR. CARLISLE: I had understood that Magnolia was going to have a man over here to discuss locations, but I haven't seen him, on one of our farm-outs.

MR. BONEY: I believe that brings us, as far the business of the meeting, to approval of the minutes of the last meeting. I haven't read them, but I move that they be approved.

MR. MERRITT: I second it.

MR. BONEY: The next thing is this correspondence in regard to a new court procedure, and I believe I'll let him go ahead and explain --- each one of you gentlemen have a copy of that letter, so I believe I'll let him go ahead and explain the idea on that.

MR. O'REAR: Well, as you know, we did get a law passed, Mr. Hamby got the law passed in the last legislature--- last session of the legislature, relative to appeals to this Board, and basically, the law states that the appeals will be taken up purely on the record of this Board, that is, the transcript which we take and the various orders, and as you gentlemen know, if you've read some of these transcripts, it tends to be a round-table discussion. If it was presented to a judge, it would be rather difficult for him to really know what took place before the Board. It was for this reason that I thought it might be well--- I know the other administrative agencies

for the State have a set of rules of procedure a little more formal than we have been having it, and I think with this new bill where it's definitely going up on the record itself, it would be well if the Board adopted some rules at this time, but I think Mr. Busby, who is also trying this case with us, will agree with me on that.

MR. HANNEK: I said something, Mr. Busby, I believe last week about that in our discussion about it, and certainly I think it would be a very good idea, so that your record would have some semblance of order, you know.

MR. O'HEAR: Well, have you gentlemen gotten a copy of this bill, or would you like to hear it?

MR. HANNEK: It hasn't been printed. It's being printed. I have a typed copy of it as it was passed.

MR. O'HEAR: You can just read them this Section 15.

MR. HANNEK: The change is in Section 15, which, if you want, I'll read to you.

MR. DONNEK: O.K.

MR. HANNEK: It says "Any interested person aggrieved by any rule, regulation, or order made or promulgated by the Board hereunder and who may be made dissatisfied therewith shall within 90 days from the day said order, rule, or regulation was promulgated have the right, regardless of the amount involved, to file a suit in the Circuit Court in Equity of the

county in which all or a part of the aggrieved person's property affected by any such rule, regulation, or order is situated, to test the validity of said rule, regulation, or order promulgated by the Board. Such suit shall be arranged for trial and be determined as expeditiously as feasible, and no postponement or continuance thereof shall be granted except for reasons deemed imperative by the court, and such trial of the validity of any rule, regulation, or order made promulgated hereunder shall be deemed prima facie valid. Any court shall be limited in its consideration to review of the record on the specifics before the Board, and no new or additional evidence shall be received. The review in court shall limit its consideration to the following:

- A. Whether the rule, regulation, or order is constitutional;
- B. Whether the rule, regulation, or order was without or in excess of jurisdiction;
- C. Whether the rule, regulation, or order was procured by fraud;
- D. Whether the rule, regulation, or order is reasonable;
- E. Whether the rule, regulation, or order is unsupported by evidence."

Now, that is the change and that is what we shall abide

by from here on out. So that means principally this, that if anyone comes before this Board to protest an order or if they are not satisfied with an order, then they've got to place all of the evidence before this Board, which, as you know now, is not the case. Now, this case that--- one reason I'm here this morning is to try to help them bring you up to date on the status of the case that's pending down in Mobile, and that case is set for trial now on October 8th.

MR. O'REAR: We haven't heard whether the other party will be ready or not, but it has been set on the 8th.

MR. HAMEY: It's set for trial and I'm sure y'all will want to be down there. I think it will be wise perhaps if you were. Now, of course, one of the big difficulties in that particular case is that you gentlemen had no evidence on it at all before you when you had to make your decision. There is no question in my mind that your decision is right and I feel sure the court will sustain it, but under the law as we will have to try this particular case, it will be tried de novo. That means the court will consider any and all evidence that's brought before them touching the validity of the rule.

MR. BONEY: Under the new law, no evidence can be submitted after this Board makes a ruling?

MR. O'REAR: It must go up on the record under the Board.

MR. CARLISLE: When is that effective?

MR. HAMBY: When the Governor signed it.

MR. O'REAR: He signed it Wednesday of this week.

MR. BONEY: In other words, the case that's in Mobile now, they have brought additional evidence in?

MR. O'REAR: We assume that they have. There's no evidence in the record at all. They got up and made a lot of wild allegations. That's all we had.

MR. BONEY: In other words, the Board would never have heard this new evidence?

MR. O'REAR: That's right. In other words, it's not fair to the Board.

MR. BONEY: Under the old law, on your ruling on a petition of which you don't have all the evidence before you, there's no way you can make a valid rule on it. This way they'll be required to do it.

MR. HAMBY: It's presumed, of course, that they will in this case in Mobile bring in quite a bit of evidence or try to, which means we also, in defending this suit, have got to make plans to combat that with evidence, and I believe that Trans-Tex is going to supply the---

MR. O'REAR: Yes, I had correspondence from the production supervisor of Ramrod, I think it is now, and they said that they had secured the services of a consultant, a geologist, who is very familiar with the Citronelle Field, Mr.

Grimm, of Laurel, Mississippi, and also that the production supervisor would be there if that was necessary. However, I think Mr. Grimm can furnish all the details we need.

MR. HAMBY: There's one question in connection with that that I'd like to know, and I think it would be advisable if Dr. Jones would get that information up and maybe put it in the form of a map of that particular area of the adjoining 40's as to what sands those wells on adjoining 40's produced from, whether there are any dual completions, and also we need to have a record which you have as to the production record of this particular well that's involved in this case.

DR. JONES: We do have in our office the production record of every well in the State of Alabama, oil and gas, each month.

MR. HAMBY: Yes sir, well, if we can have that from the time it was brought in...

DR. JONES: We'll supply that.

MR. O'REAR: You have that from your last notice, Doctor.

MR. HAMBY: I think we would certainly like to know whether any of the adjoining 40's have dual production.

MR. WHITE: Including diagonal off-sets?

MR. HAMBY: Yes.

MR. O'REAR: The attorney said if I would get in touch with Mr. Reddick and have him forward the cost on the well to him, that he would have an engineer there on the 8th.

MR. CARLISLE: There's one question I want to... they're raising the question is the lower zone the one tested, is that right?

MR. O'REAR: That's right, that seems to be what their objection is.

MR. CARLISLE: When we sign a contract, naturally we get the cost on it. It might be better to let them get into that probably and just leave that out. It's just a suggestion.

MR. O'REAR: Perhaps we could do it this way, Taylor, don't bring it up but have your man there in case it's mentioned, if they bring it up, as to the cost involved in the well.

DR. JONES: Is there anything in the law that gives this Board authority to make anybody drill to any horizon?

MR. O'REAR: No sir.

MR. HAMBY: No sir, y'all are absolutely correct in the statements.

MR. O'REAR: That's strictly between the lessee and the lessor in their contract.

MR. BONEY: Paul called me the other day before he took off. Their cost was better on some wells than it was on others and they wanted this Board to call in the Gulf Refining Company and show why their cost was greater on John Doe's well than it was on the one over here.

MR. WOOD: That's not a duty of this Board, Mr. Boney.

MR. BONEY: That's what I told them, I told them that we haven't got a right to... one well will cost more money some-times than to drill another, and I don't believe we have enough ground.

MR. O'REAR: And there are occasions, if we are appointed

a producer and operator, then I think possibly the Board would be within its rights to investigate.

MR. HAMBY: I think perhaps it would be important from the standpoint of whether or not an operator was a prudent operator.

MR. BONEY: Well, we're supposed to know he is or think he is a prudent one before we call him one. We call him one when we appoint him.

MR. HAMBY: But that question may arise later, though.

MR. MERRITT: Well, another question on the Anderson case is that Trans-Tex is not a prudent operator.

MR. HAMBY: Yes, but on the record of waste, I noticed in reading the transcript of that hearing, this Mr. Moore, who represented the claimant in this case, has a very peculiar idea as to what waste is. He makes the statement that his opinion of waste that he was speaking of was waste of production. In other words, the fact that they weren't producing from the lower sands was a waste. Well, I don't think that

that by any stretch of the imagination is a waste. It's still there and it'll be there.

MR. BONEY: There's no more waste in that zone than there would be in the other zone that they're now producing out of before they drilled a well. It's in place and...

MR. HAMBY: That's right, it's in place.

MR. BONEY: It's in place and if it's there to start with, there's no waste there.

MR. CARLISLE: Speaking, too, of this appeal business, there's a lawyer testifying without being sworn in that record. That's something we'll know to watch. We base these records on actual testimony and not hearsay or opinions, things of that kind, because that record is going to be all the court's going to pass on, and they never did offer any testimony. I was at that meeting.

DR. JONES: Taylor, before making a statement like that, shouldn't he be qualified as an expert witness in that particular...

MR. O'REAR: Well, that's also true in Mrs. Anderson's testimony. She made several statements here and certainly she couldn't be considered an expert in drilling a well.

DR. JONES: Well, those are just allegations.

MR. HAMBY: It would certainly be beneficial to this committee to run these hearings similar to a court. Of course, you couldn't be as strict, you couldn't have your strict rules of evidence, but you should have a person sit in a seat and testify, don't you think?

MR. CARLISLE: That's right. If we set some rules of procedure as in Mississippi, and as you say, it states in there it's not to be a strict court of law, it's no committee like Workmen's Compensation or things of that kind, but you'd have to stick to certain degrees of policy of evidence. If you don't, you're going to fill that record full of statements, hearsay and everything else.

MR. BONEY: I would like to make this suggestion, Mr. Hamby and Mr. O'Rear, suppose you go ahead and draft a formal proced-

ure and submit it to the Board and let us...

MR. O'REAR: That's what I requested in my letter, if you wanted to go along with that.

MR. BONEY: Yes, and let's see whether or not we can comply with it.

MR. HAMBY: Any changes you want to make, make them.

MR. CARLISLE: As a suggestion, too, wait and set it up as a hearing and get a notice out on it.

MR. BONEY: We might get a lot of suggestions from the outside.

MR. O'REAR: Will you advertise that, Doctor, and we'll have a draft of it for you. I think the various oil companies would probably be very interested in that.

MR. CARLISLE: Do you have a copy of the Mississippi Rules of Procedure?

MR. O'REAR: I have written for them, but I haven't gotten it.

MR. HAMBY: How about sending me one.

MR. CARLISLE: I'll be glad to.

MR. O'REAR: Or you could ask... what's his name... would you ask him to send me one?

MR. CARLISLE: I'll get you one. I've got your address.

MR. O'REAR: I just received one from the Railroad Commission in Texas. Doctor, do you think we're right about that?

DR. JONES: Yes, we're growing up. Mr. Chairman, when the proper times comes, I'd like to report on the personnel problems, our new classification.

MR. BONEY: All right, let's discuss a minute back to this Mobile thing, the hearing on the 8th. If we're to go there, we don't have an official summons, but we would have to call a meeting, a hearing, on that day in Mobile. It would come under a special meeting.

MR. HAMBY: Well, naturally we wouldn't subpoena you. You're defendants, you wouldn't be subpoenaed.

MR. BONEY: That's right. We're still very much vitally interested in it but we're not involved enough to go in our own

pocketbook to see what comes of it, from an expense standpoint. So we would like to put that... would one day cover it, you think?

MR. HAMBY: I don't know. It may run over into two days. It depends on how deep we get into the thing.

DR. JONES: I think it ought to be called for the 7th through the 9th.

MR. BONEY: And the 7th is on Sunday, isn't it?

DR. JONES: It's the same thing. You'd want to be there and it's a long way for Vernon to have to get there.

MR. BONEY: Well, I could use my own discretion as to when I went, one way or the other, whether the 7th or the 8th, but that's the way we'll confine it and if we don't consume it, we'll get back.

DR. JONES: All right, we'll get that out when we get back. It'll be a special call for the Board in Mobile for the 7th, 8th, and 9th.

MR. BONEY: When is the court hearing set for? For the 8th at 10:00 o'clock?

MR. HAMBY: At 10:00 o'clock, I'm pretty sure that's when.

MR. O'REAR: Well, when I tried to write them, this other side, and ask them if they're ready or not...

MR. BONEY: Well, if they're not ready and they're not going to have it, will you so advise us?

MR. O'REAR: We'll let you know.

MR. BONEY: Advise Dr. Jones.

DR. JONES: What was that, now?

MR. BONEY: He says he's written to the opposing lawyers to see if they're ready, and he'll let you know and you can get in touch with both of us, because there's no use to attend if they're not going to be there.

DR. JONES: All right, and I think it's also important for both Bobby and Gene to be there.

MR. BONEY: Yes sir, I certainly agree with you.

DR. JONES: This might be on the 8th, and I will have to abandon an engagement in Jasper at noon of that day, but I was in hopes that Bobby could represent the Supervisor's office with

the papers, records, and all of that. If it's deemed advisable for me to be there, I hope somebody will let me know and I will cancel the engagement, of course.

MR. O'REAR: Well, it's possible the other side will subpoena you, Doctor, but as far as we're concerned...

DR. JONES: Well, then there will be no question about my attendance, I will be there. I don't like anybody's jail.

MR. HAMBY: Well, Mr. Chairman, a constituent of mine in Etowah County, Mr. Bob Wood, is here. You haven't met him, he's met Dr. Jones and the other member, but I want to introduce him to the committee.

(Mr. R. C. Wood was then introduced to all personnel of the Oil & Gas Board.)

MR. HAMBY: Mr. Wood is interested in this position that might arise which they're setting up on the merit system. I don't know, I think it just about covers everything in checking the different wells for different things.

MR. BONEY: Do you have a copy of the qualifications, Doctor, what is required? Do any of you know what that is?

MR. HAMBY: I've checked. It requires at least a high school education and, of course, experience, and he has those qualifications. He was 20 years with Haliburton in just about every state. Where all were you, Mr. Wood?

MR. WOOD: I was in East Texas, Illinois, and the Southwest.

MR. HAMBY: And he's been in every phase of this business. I mean, of course, Haliburton I guess is one of the outstanding companies in the oil business. I think he has even had a little secondary recovery experience, haven't you?

MR. WOOD: Yes sir, we had that in Illinois.

MR. HAMBY: And that's something we're going to be faced with down there in Citronelle. Mr. Wood is a close friend of mine, he's a constituent of mine in Etowah County, I'm interested in him and he's interested in the job. He has already applied for it, filed his application, and I'm sure he'll be glad to answer any questions if you gentlemen have any that you'd like to ask him relative to his experience.

DR. JONES: Well, I'd just like to make the statement that the notice of the Governor's approval of the job classification of the Oil & Gas Field Agent has come to my office, but the approved specifications have not arrived that the personnel director is now setting up for examinations for the position, and that sooner or later we will have a list of eligibles to present to the Board for selection, and as soon as that is ready, we hope it'll be ready soon because there is a vital need for it, we'll present that to you.

MR. BONEY: In other words, the list of applicants hasn't been published yet?

DR. JONES: That's right. The personnel department has not yet completed the examinations, I'm sure. I know of several applications, and I have in mind also two men instead of one, and then bring Gene into the office at Tuscaloosa, but to have somebody in Southwest Alabama and another one in the Warrior Basin where we are going to have a great deal of activity, so that's been on my mind and I'd like for you to...

MR. BONEY: To have two, one at Grove Hill and one there that would be the same classification?

DR. JONES: That's right, and I'd like for y'all to think about that some, too, because...

MR. BONEY: You want to open an office in the Black Warrior Basin?

DR. JONES: Somewhere up there, probably Jasper or... Jasper is fairly centrally located, just wherever it seems to be advisable or more convenient.

MR. BONEY: But as of today, the classification is not complete as to whether you can hire...

DR. JONES: We cannot hire anybody until the personnel department sends a list of eligibles to me and that will be presented, of course, to you.

MR. BONEY: You have applied?

MR. WOOD: Yes sir.

DR. JONES: It looks to me like with the experience Mr. Wood has had in it, he certainly should be up around the top;

MR. BONEY: Well, there's nothing then that we can do.

MR. HAMBY: Well, I realize that.

MR. MERRITT: I imagine they give considerable weight to experience in that examination.

MR. HAMBY: He's a native Alabamian that got into the oil business years ago and wants to remain in Alabama.

MR. BONEY: Have they set the schedule of pay up in that yet?

DR. JONES: \$380 to \$480. The new pay plan may affect that. Will the new pay plan affect that?

MISS RYAN: No, it's \$380 to \$480.

DR. JONES: \$380 to start, and what is the top or the last step? I sometimes have been able to get a man with more experience or training than required in a job appointed at a step above the beginning, I guess the next step. This time it would be \$400. We have been able to do that on a few occasions. It has to be pretty thoroughly justified, but it has been done in my department.

MISS RYAN: Dr. Jones, I think there's a serious probability coming up that you will have to add to your clerical force if the work in the office keeps...

DR. JONES: Yes, that may be true, too. We may have to have another person to help Bobby and his staff in the office there.

MR. BONEY: Is there any other thing to come before the Board?

(No response)

MR. BONEY: Well, we are adjourned then, if there's nothing further.

(Whereupon, at 11:40 A.M., 27 September 1957, hearing in the above entitled matter was closed.)

\* \* \*

This is to certify that the foregoing is a true and accurate account of the proceedings before the State Oil & Gas Board at its September 27, 1957 meeting, to the best of my knowledge and belief.

Lou M. Chambers  
LOU M. CHAMBERS  
Hearings Reporter