

STATE OIL & GAS BOARD OF ALABAMA

Montgomery, Alabama

21 August 1959

Testimony and proceedings before the State Oil and Gas Board,
in the State Administrative Office Building, Montgomery,
Alabama, pursuant to adjournment, on this the 21st day of
August, 1959.

BEFORE:

BOARD MEMBERS

LINDSEY C. BONEY.....Chairman
VERNON MERRITT.....Board Member
RANKIN FITE.....Board Member

BOARD PERSONNEL

WALTER B. JONES.....Secretary & Supervisor
ROBERT MacELVAIN.....Assistant Supervisor
GUS HARRIS.....Legal Advisor
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
L. L. Keyes	Gulf Oil Corporation
G. H. Jett	Jett Drilling Company
C. W. Alexander	Jett Drilling Company
Howard M. Jones	Jett Drilling Company
Lee E. Kizer	Jett Drilling Company
B. O. Sims	Magnolia Petroleum Co.
B. T. Tillery	Petroleum Services Consulting
Thomas J. Holifield	Petroleum Services Consulting
George R. Grim, Jr.	Petroleum Services Consulting
P. W. Henley	Citronelle Producing Royalty Owners Assoc.
A. B. Jefferies	Citronelle Producing Royalty Owners Assoc.
F. Schneider	Royalty Owners
M. B. Odom	Land owner
Gemie Bell Odom	Land owner
Lois R. Nichols	Land owner
J. E. Nichols	Land owner
R. C. Wood	Field Agent, O & G Board

PROCEEDINGS

(The hearing was convened at 9:30 A.M., 21 August 1959)

CHM. BONEY: The meeting will come to order.

MR. JONES: Mr. Chairman, this meeting has been advertised as required by law.

CHM. BONEY: Item Number 1:

"Petition by Petroleum Services Consulting for permanent approval to dually complete the following well in the Citronelle Field, Mobile County, Alabama:

"A. B. & Madge S. Jeffries, Unit 11-7, located
766' E of W line and 766' N of S line of SW $\frac{1}{4}$
of NE $\frac{1}{4}$, Section 11, T 1 N, R 3 W,

in accordance with Order Number 82."

I believe that will be a permanent approval according to Order Number 82.

MR. MERRITT: Is there anything unusual about it?

CHM. BONEY: No, it's already...

MR. MERRITT: I move that it be approved.

MR. FITE: I second the motion.

CHM. BONEY: It's moved and seconded that it be approved. All in favor, say "aye" -- any opposed, "no."

(All Board members voted "aye")

CHM. BONEY: The "ayes" have it. The motion is carried.

Item Number 2:

"Petition by Petroleum Services Consulting for forced pooling of the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 11, T 1 N, R 3 W, Mobile County, Alabama."

Who represents Petroleum Services?

MR. HOLIFIELD: My name is Thomas J. Holifield and I represent Petroleum Services Consulting. I'd like to call a witness, B. T. Tillery, to come forward.

CHMN. BONEY: First, I'd like to ask a question -- is there any opposition to this?

(No response)

CHMN. BONEY: That has a lot to do with it.

MR. FITE: If there's no opposition to it...

CHMN. BONEY: One witness, then, if there's no opposition to it.

MR. HOLIFIELD: I'd like to have Mr. Tillery sworn.

(Witness was then duly sworn)

EXAMINATION OF B. T. TILLEY:
Questions by Mr. Holifield:

Q Have a seat, Mr. Tillery. State your name, please.

A B. T. Tillery.

Q What's your address, Mr. Tillery?

A Laurel, Mississippi.

Q What is your occupation, Mr. Tillery?

A Independent land man.

Q Mr. Tillery, were you or were you not employed by George R. Grim, Jr., doing business as Petroleum Services Con-

sulting, to contact certain owners of the working interest in regard to the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 11, T 1 N, R 3 W, Citronelle Field, Mobile County, Alabama?

A I was.

Q Did you have an occasion to contact a gentleman by the name of W. D. Donovan?

A I did.

Q Did Mr. Donovan agree or did he disagree to sign an operating agreement as the other owners of the working interest in regard to the pooling of the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 11, T 1 N, R 3 W?

A He disagreed.

Q He disagreed? In other words, he failed or refused to come in and join?

A Yes.

Q About what percentage of the unit does Mr. Donovan own, Mr. Tillery?

A Approximately 2%.

Q Does Mr. Grim own or control the remaining 98%?

A Yes sir, he does.

MR. HOLIFIELD: At this time, we'd like to introduce...

CHAS. BONEY: Who is Mr. Grim? Is he part of the Petroleum Services Consulting?

MR. HOLIFIELD: He is Petroleum Services Consulting. At this time, we'd like to introduce Mr. Tillery's testimony.

the entire testimony, in the notes of this meeting. If the Board would like to hear anything else on this thing, we'll submit our witness to them.

CHAS. BONEY: I believe there's no opposition to his petition, is there?

(No response)

MR. MERRITT: Is this the same Denovan whose land the discovery well was on?

MR. TILLEY: No sir.

MR. MERRITT: What was his original...

MR. HOLIFIELD: It's a title problem. He owns approximately or claims approximately 1/80 interest in a 40-acre tract, and it's a title problem.

MR. MERRITT: It's in the city or the town of Citrenelle?

MR. HOLIFIELD: No, it's outside the town. It's SE, NE, Section 11, just outside. Any other questions?

(No response)

MR. MERRITT: I move approval of the petition.

MR. FITE: I second the motion.

CHAS. BONEY: It's moved and seconded that the petition be approved. All in favor, say "aye" -- any opposed, "no."

(All Board members voted "aye")

CHAS. BONEY: The "ayes" have it. The motion is carried.
Item Number 3:

"Petition by Petroleum Services Consulting for emergency approval to dually complete the following well:

"A. B. & Madge S. Jeffries, Unit 11-6, located
554' W of E line and 766' N of S line of SE $\frac{1}{4}$
of NW $\frac{1}{4}$ of Section 11, T 1 N, R 3 W, Citronelle
Field, Mobile County, Alabama,

in accordance with Order Number 82."

Who represents Mr. Jeffries in that unit?

MR. GRIM: I do. I'm George Grim. As far as represent-
ing Mr. Jeffries, he's here himself, but we're the ones that
are requesting...

CHM. BONEY: That's A. B. & Madge Jeffries, isn't it,
and you're the...

MR. GRIM: Yes sir. This well is... do you want to
swear me in?

CHM. BONEY: No.

MR. GRIM: This well is in the process of completion.
Casing has been set. There's about five feet of departure
in the lower sand, and we're testing it. It's a question of
whether there's water in it or not. At the present time,
we're testing it, and there's no water. We'll frack it and
put it in under 82.

MR. MERRITT: There's no opposition?

CHM. BONEY: There's no objection to it, is there,
gentlemen?

(No response)

MR. MERRITT: I move approval of the petition.

MR. FITE: I second it.

CHM. BONEY: It's moved and seconded that the petition be granted. All in favor, say "aye" -- any opposed, "no."

(All Board members voted "aye")

CHM. BONEY: The "ayes" have it. The motion is carried.

Item Number 4:

"Petition by John Brewer to reconsider spacing in the White House Gas Field."

Is Mr. Brewer here?

(No response)

DR. JONES: I've understood that Mr. Brewer is on vacation.

MR. MERRITT: May I ask a question? Is Mr. Brewer representing himself or is he representing the First National Bank of Birmingham?

DR. JONES: I don't know.

MR. MERRITT: He's president of the First National Bank and they have considerable holdings in that area.

MR. FITE: I think he represents the interest, Mr. Merritt, owned by the bank and the Birmingham Trust and others, on the property the bank acquired two years ago.

MR. MERRITT: Well, I just wondered who he was petitioning for.

CHM. BONEY: Is anyone in the audience interested in that petition?

(No response)

CHAS. BONEY: I make a motion that we remove it from the agenda.

DR. JONES: A good idea.

MR. MERRITT: If there's nobody here to present the evidence, I second the motion. Instead of removing that from the agenda, suppose we carry it 90 days.

CHAS. BONEY: We just carried it 90 days. If you want to get it back on...

DR. JONES: We'll let it come back up whenever it will.

CHAS. BONEY: We've discontinued it once before because of his request.

MR. FITE: I would oppose removing it from the agenda, myself, but we could carry it on, we'll say, 90 days rather than seeing it stricken.

MR. MERRITT: Let me ask another question, Doctor -- have you had correspondence regarding this matter with Mr. Brewer?

DR. JONES: None at all. We have to hunt up Charlie Morris when we try to find out anything about it. It seems to me that both parties are virtually disinterested in it, and it's always occurred to me that if they were to bring it up at anytime, all they have to do is just write a letter and they can get it on the agenda at any moment.

MR. MERRITT: This pertains to the White House Gas Field, and as I understand it, the only protection this last...

DR. JONES: That's right.

MR. MERRITT: And I believe that's in Mr. Brewer's interest if they don't have production or some other interest in the area.

MR. FITE: Well, the bank...

MR. MERRITT: I understand the bank does, but that's what I'm trying to get at -- does Mr. Brewer or the First National Bank want this respacing of the field?

MR. FITE: Well, I understood he was petitioning for them.

MR. MERRITT: For the bank?

MR. FITE: Is that right, Doctor?

DR. JONES: We guess so.

CHAS. BONEY: He certainly works for them. I assume that's what...

DR. JONES: Now, we understand the Tuscaloosa crowd is going to drill another well right soon, and it's awfully difficult to know what spacing is needed when you have just a single well. You need more than one well to get the behavior of the sands.

MR. MERRITT: I would think so, and I also understand that Mr. Brewer is associated with another operator in some wells in the area but not in the White House Gas Field.

CHAS. BONEY: Would you still like to leave it on the agenda?

MR. PITE: Yes, I would rather leave it on.

MR. MERRITT: Let's leave it on the agenda.

DR. JONES: It's all right. It doesn't actually make any difference.

MR. MERRITT: Let's leave it on for 90 days.

CHAS. BONEY: All right, we'll leave it on for 90 days.

DR. JONES: We'll bring it back in 90 days -- three months later.

CHAS. BONEY: If nothing shows up in the 90 days, I'm in favor of removing it from the agenda.

MR. MERRITT: What sort of spacing does he propose, Dr. Jones, do you have any idea?

MR. MacELVAIN: 40 acres.

DR. JONES: He wants 40 acres and the Tuscaloosa crowd want the 160, I think.

MR. PITE: That's the way I understood it.

MR. MERRITT: Well, the Tuscaloosa people are the only people that have a well in the area.

DR. JONES: That's right.

MR. MERRITT: And they want 40-acre spacing with no further evidence than we have in the sands?

DR. JONES: That's right.

MR. PITE: Mr. Pierson called me and I suggested he be down here this morning or have somebody. He said Brewer wasn't going to be here.

CHEN. BONEY: Item Number 5:

"Petition by Jett Drilling Company to allow downward reduction of surface casing requirements to 1200 feet in the Citronelle Field, Mobile County, Alabama."

I'd like to have a briefing on that as to what it is as of right now. I don't remember just what the requirements are now. Bobby, do you?

MR. MacELVAIN: 1400.

CHEN. BONEY: And he's asking, instead of making it 1400, to reduce it 200 feet, is that right? At what depth would that be?

MR. MacELVAIN: 1200.

CHEN. BONEY: I mean at what depth -- you know, different depths carry different casing, surface casing, doesn't it?

MR. MacELVAIN: I'll have to check that Order Number 1 and see what the schedule is.

CHEN. BONEY: Who is representing Mr. Jett in that?

MR. KIZER: I'm Lee Kiser.

CHEN. BONEY: What's your object in doing that, financial or what?

MR. KIZER: We can realize a savings of \$600 to \$1,000 per well by reducing this amount of pipe. Also, the steel strike is liable to make a greater shortage of steel, making it harder to get.

CHAS. BONEY: Will that affect you in any way, do you think?

MR. KIZER: It may possibly, the strike itself, and our economic savings there would be from \$800 to \$1,000 per well.

CHAS. BONEY: I mean, would it affect you...

MR. KIZER: In the drilling processes?

CHAS. BONEY: Yes.

MR. KIZER: No sir, I see no reason to believe it would.

MR. MERRITT: Dr. Jones, how about the surface water on that?

DR. JONES: The ground water, there are evidences of ground water, fresh, portable water at that depth, in that general region.

MR. MERRITT: At 1200 feet?

DR. JONES: Yes, and even below 1200 feet in some places.

MR. FITE: What do you think, Doctor?

DR. JONES: I think it's rather dangerous until they know what the ground water situation is like. I would like to see that held over until we can determine something about the ground water.

MR. MERRITT: Don't we have enough wells in that area to have a good pattern of ground water? We started off at 1800 feet?

DR. JONES: That's right, started off at 1800 and dropped to 1400.

MR. FITE: What's your opinion about it? You don't think it ought to be dropped?

DR. JONES: I don't think we ever ought to do anything that would jeopardize the fresh water in any way, and I cannot tell you today that the water at 1200 feet is fresh of brackets of soil, but I can get that information.

MR. MERRITT: How long will it take your staff, Doctor, to locate that?

DR. JONES: Fortunately, we have some preliminary work on Mobile County, and I think we can get it by next meeting time without any trouble. It won't help the present emergency there.

MR. MERRITT: I'm going to move that the petition be carried forward until the next regular meeting.

MR. FITE: I second the motion.

CHMN. BONEY: It's moved and seconded that it be extended for another 30 days, at the next regular meeting. All in favor, say "aye" -- any opposed, "no."

(All Board members voted "aye")

CHMN. BONEY: The "ayes" have it. The motion is carried. Do these drilling... can't they give us a lot of information on that water, too, as they go through, Doc, or do they? It would cost them too much, wouldn't it?

DR. JONES: Well, we'll have to, of course, go to all possible sources to get a report, but we will come back in

30 days at the next meeting and give you a report on it, on the fresh water.

CEMN. BONEY: I remember getting information on the wells in Gilbertown Field, but of course, that would have cost them some, but they were vitally interested in the salt water disposal system, too.

DR. JONES: That's right. They might do the same thing on this one, too. The companies have it, but we do not have it, so I cannot recommend it.

MR. JETT: Dr. Jones, you have three or four logs in there that show you where your fresh waters are. If they are above 1200 feet, that's perfectly all right. We're not heading, as far as we're concerned right now, for casing, but we're just thinking about it that it could become very critical. That was the reason we were asking for it.

DR. JONES: Well, we'll look into it. That's for sure.

CEMN. BONEY: I believe Item Number 6 has been removed from the agenda. Is that right, Bobby? You don't care to go into that?

MR. MacELVAIN: No sir, we decided that's a minimum.

CEMN. BONEY: Oh, I see, to consider requiring that quarterly production (well potential) tests be taken on every well in the Citronelle Field, Mobile County, Alabama, and that's quarterly. What do we have on it now?

MR. MacELVAIN: We don't have any test pattern set up

for every well in the field.

CHMN. BONEY: You want to make it quarterly now?

MR. MacELVAIN: Yes sir. It's just strictly a production-potential test so that we can find out just for the Board's information, not for proration purposes.

MR. MERRITT: How much of a hardship would this work on a producer?

MR. MacELVAIN: It won't work any hardship on them at all. They all want it. It's just so that the Board can know just about how much each well makes on a quarterly schedule.

CHMN. BONEY: In other words, all of the producers are in favor of it, as far as you know?

MR. MacELVAIN: Yes sir.

DR. JONES: Mr. Chairman, what they don't want down there is a strap tank or a battery at each well, and with quarterly tests, the staff tells me that we can pretty well know what potentials are from that and can take care of it. There's a good deal of discussion about it among the people at Citronelle, the royalty owners. I don't know what the king-pin of the royalty owners here this morning thinks about that, but anyway, that ought to do it.

MR. MacELVAIN: Mr. Boney, this Number 6, also it's very general here. I thought if I could get Gus to help me make up... to bite into it and put all the details in it

and then submit it to you by mail, to you and the other Board members, and if you agree with the exact wording of it, then we'll go ahead and send it out to the operators setting up the actual months and what time of the month the test would be run, and that would be averred by the off-set operator.

CHMN. BONEY: Did you get a copy from Mr. Heldt?

MR. MacELVAIN: We didn't open it. Did you want me to open it?

CHMN. BONEY: Yes. I told him to send it to you. In other words, if we were going to adopt it as it was set out in your agenda, I told him to submit a resolution or a petition like he would like to have it put in. I asked him to mail it to you. He called me and discussed it with me and said he would like to submit one. I told him to send it direct to you. So that's what it is, so just open it.

MR. MacELVAIN: When we get that made up, do you think it would be a good idea to send it to all the operators and people involved to see if they agree with the exact terms of it?

CHMN. BONEY: I think it would be, because there's a little bit of confusion. The Carter Oil Company and several others thought it was Statewide that we were amending Rule #1, and he said they just can't live with it at Gilbertown Field, and if that's what they wanted it to be, that he wanted a continuation of it until they could be heard at the

next meeting, as it was impossible to get here today, but I told him my opinion was that it was for the Citronelle Field strictly and not Statewide Rules, because we couldn't make it applicable to Pollard and Gilbertown and those fields after it was already defined and set up, and so that was his concern, the Carter Oil Company and the Hunter Oil Company, whether it would affect the Gilbertown Field, which it wasn't, so...

DR. JONES: Well, what about the timing on that? Would you all think that the first month in each quarter would be a proper time so that it would not be spread out over the entire quarter?

CHMN. BONEY: I'm sure it's agreeable with the Board, whatever is more convenient for the staff, just whatever would be more convenient with the staff.

DR. JONES: Let's try the first month in each quarter-- January, April, July, and October, with the first one in October, if we can work it out.

MR. MERRITT: Well, do we need a motion on it?

MR. MacELVAIN: Yes sir.

MR. MERRITT: I move approval of the petition.

MR. FITE: I second the motion.

CHMN. BONEY: It's been moved and seconded. All in favor, say "aye" -- any opposed, "no."

(All Board members voted "aye")

CHMN. BONEY: The "ayes" have it. The motion is carried.

MR. MERRITT: Mr. Chairman, I'm going to move that the Board take notice of the death of Dr. Lloyd, and that the secretary be instructed to write a letter of our regrets of his death to his widow.

MR. FITE: I second the motion.

CHMN. BONEY: It's moved and seconded.

DR. JONES: Do you want a copy of it placed in the minutes of the meeting?

MR. MERRITT: Yes, in the minutes.

MRS. NICHOLS: I'm Lois Nichols, and I don't know what has gone on before, because we came in late, but I would like to say this, that I recommend that at least another person be sent to the Citronelle Field to keep up with the way the wells are being produced and the way the wells are being taken care of after they come into production. We feel that the amount of revenue that the State derives from the field warrants better protection for the State and the royalty owners than we are receiving now, and I don't know if this question had been brought up before, but we are very concerned that the Board start to consider sending some more help into the field.

CHMN. BONEY: Thank you. Six weeks or two months ago, I believe, the Board passed a resolution that beginning with

October 1st, we would hire another man to be placed in the Citronelle Field. That has already been discussed and the Board has already passed a resolution, beginning with October 1st, is that right?

DR. JONES: That's right.

CEMN. BONEY: Or thereafter, that we would have another man in the field with Mr. Wood, in the Citronelle Field.

MRS. NICHOLS: Thank you. We didn't know that. We think it's urgent that that should happen.

CEMN. BONEY: Was there any other suggestion? We're very happy to know that you were interested in it and came to discuss it with us.

MRS. NICHOLS: Thank you.

CEMN. BONEY: Are there any other suggestions from anyone?

(No response)

CEMN. BONEY: Well, unless something happens, more than we know now, we should, during the month of October or not later than the first day of November, have a man in the field, is that right?

DR. JONES: We ought to be able to put him in the 1st of October.

CEMN. BONEY: In other words, our resolution, probably two meetings or maybe three meetings ago, I don't remember when it was, but it's on record, and I believe that's when

our new budget comes in, is that right?

DR. JONES: That's right, a new fiscal year.

CHMN. BONEY: A new fiscal year comes in October 1st, and you will have help after that time.

MRS. NICHOLS: All right, sir, thank you.

CHMN. BONEY: Are there any other suggestions from anyone?

(No response)

CHMN. BONEY: I have one further matter. I think y'all have copies of the minutes of the last meeting.

MR. FITE: I move that they be approved.

CHMN. BONEY: I second it.

If there's no other business, we stand adjourned.

(Whereupon, at 10:20 A.M., 21 August 1959,
hearing in the above entitled matter was
closed.)

* * *

THIS IS TO CERTIFY that the foregoing transcript is a true and accurate account of the proceedings before the State Oil & Gas Board of Alabama, on August 21, 1959, in Montgomery, Alabama, to the best of my knowledge and belief.

Lou M. Chambers
LOU M. CHAMBERS
Hearings Reporter