

STATE OIL & GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

October 21, 1960

Testimony and proceedings before the State Oil & Gas Board of Alabama, in Building No. 5, Smith Woods, University Campus, Tuscaloosa, Alabama, pursuant to adjournment, on this the 21st day of October, 1960.

BEFORE:

BOARD MEMBERS

Mr. Lindsey C. Boney.....Chairman

Mr. Hugh L. Britton.....Associate Member

BOARD PERSONNEL

Dr. Walter B. Jones.....Secretary & Supervisor

Mr. Robert MacElvain.....Assistant Supervisor

Mr. Gene White.....Petroleum Engineer

Mr. Gus Harris.....Legal Advisor

(Reported by Lou M. Chambers)

A P P E A R A N C E S

1. R. B. Jefferies.....CPROA
2. L. J. Collins.....CPROA
3. Ennette F. Gathright.....Jett Drilling Company
4. Thomas J. Holifield.....Jett Drilling Company
5. Walter M. Holifield.....Visitor
6. W. E. Tucker.....O & G Board Field Agent
7. R. C. Wood.....O & G Board Field Agent
8. Ford MacElvain.....O & G Board Field Agent

PROCEEDINGS

(The meeting was convened at 9:30 A.M., 21 October 1960)

CHMN. BONEY: Gentlemen, the meeting will come to order.

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

CHMN. BONEY: No. 1 on the Agenda would be:

"Petition by Mr. Marshall Oglesby for permanent approval to drill the following off-center location in the East Gilbertown Field, Choctaw County, Alabama:

"Center of NE $\frac{1}{4}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$
Section 2, T 10 N, R 3 W."

We issued an emergency on that some three weeks ago, and I think the rig moved in yesterday to get ready to go to drilling, so it's pretty important that they get an emergency. I think it's a convenience more than an emergency, but anyway, it has been issued and we have to make an approval of it today, so what do you want to...

MR. BRITTON: I make a motion that it be approved.

CHMN. BONEY: I second the motion that it be approved.
No use to take a vote on it.

(The motion was made, seconded, and carried unanimously that Item No. 1 on the Agenda be approved.)

Drilling Company. It happens to be one of these matters where Brooks owns certain lease interests and operatorship of the well, a force integrated unit, and then they signed over their interests in the unit to Jett and Jett took operatorship to force integrate the unit. It's producing now. Everybody's happy.

MR. FITE: I move that it be granted.

MR. BRITTON: I second it.

CHMN. BONEY: The motion is seconded that the petition be granted. All in favor, let me know by saying "aye" -- any opposed, "no."

(All Board Members voted "aye")

(The motion was made and seconded and carried unanimously that Item No. 1 of the Agenda be approved.)

CHMN. BONEY: Item No. 2:

"Petition by Jett Drilling Company, Inc., that the following unit in the Citronelle Field, Mobile County, Alabama, be force integrated:

NE $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 30, T 2 N, R 2 W."

Is this contested either?

(No response)

CHMN. BONEY: Anyone oppose this?

(No response)

CHMN. BONEY: All right, go ahead and state...

MR. HOLIFIELD: All right. This is a petition on behalf of Jett Drilling Company to force integrate the Northeast Quarter of Southeast Quarter of Section 30, Township 2 North, Range 2 West, effective February 19, 1960.

This is a type problem where it's a small, minute interest in the units, a type problem where Mr. Guthrie, to force integrate, refused to join in the drilling with the operator of the well.

CHMN. BONEY: What percentage of the signatures do you have, 'most all of them except...

MR. HOLIFIELD: I imagine we have 95 or 98. It's just a small interest.

MR. FITE: I move that it be granted.

MR. BRITTON: I second the motion.

CHMN. BONEY: It's moved and seconded that it be granted. All in favor, let it be known by saying "aye" -- any opposed, "no."

(All Board Members voted "aye")

(The motion was made and seconded and carried unanimously that Item No. 2 of the Agenda be approved.)

CHMN. BONEY: Mr... who's the representative of Citronelle... CITMO? Mr. Holifield, do you...

MR. FITE: Do you represent Citronelle-Mobile Gathering System?

MR. HOLIFIELD: No, I'm not. That's the only thing I had on it, on the agenda.

CHMN. BONEY: Do you, Mr. Gathright?

MR. GATHRIGHT: No.

MR. MacELVAIN: They're only asking for emergency approval, though.

CHMN. BONEY: I know it's an emergency approval, but I was just wondering if each one of these... is that on a dual completion under that Order of 82, Bobby?

MR. MacELVAIN: Yes sir.

CHMN. BONEY: An emergency?

MR. MacELVAIN: Yes sir.

CHMN. BONEY: I assume that they've already done it, anyway.

MR. MacELVAIN: I don't know about that.

CHMN. BONEY: I think we can just go ahead and pass it.

MR. MacELVAIN: For an emergency.

MR. FITE: I move that the petition be granted.

MR. BRITTON: I second it.

CHMN. BONEY: It's moved and seconded that the petition be granted. Who filed that, Bobby?

MR. MacELVAIN: That was called in for an emergency.

MR. HOLIFIELD: CITMO Gathering System, they don't drill or operate wells. This is Mr. G. H. Jett...

MR. GATHRIGHT: I actually think it's a petition by CITMOCO Field Operation, G. H. Jett-Operator.

CHEN. BONEY: It's just not finished out. Well, I was wondering why CITMO would want an emergency approval to dually complete something in the pipeline. Well, would you recommend that we make that amendment to it?

MR. GATHRIGHT: Yes, I would recommend that the Citronelle-Mobile Gathering System as listed in Item 3 be changed to CITMOCO Field Operation, G. H. Jett-Operator.

CHEN. BONEY: That's a pipeline. Certainly, they don't want to integrate, I mean, an emergency to dually complete the pipeline. Well, I think the motion covers all six items. Now, that's an emergency.

All right, all in favor, let me know by saying "aye"--any opposed, "no."

(All Board Members voted "aye")

(The motion was made and seconded and carried unanimously that Item No. 3 of the Agenda be approved.)

MR. MacKLVAIN: The next one is on the same...

CHEN. BONEY: Yes, but this one is a different party.

Item No. 4:

"Petition by Dixon Management Corporation for emergency approval to dually complete the following well in the Citronelle Field, Mobile County, Alabama:

Mr. J A. B. Jefferies (C-3-15)

in accordance with Order No. 32."

All of these are in accordance with Order No. 32.

Does anybody represent the Dixan Management Corporation?

(No response)

CHAM. BONEY: We might as well pass that one and give it to them.

MR. FITE: I move that we approve it.

DR. JONES: It's all the same system.

CHAM. BONEY: The same situation, only different operators.

MR. BRITTON: I second it.

CHAM. BONEY: It's moved and seconded that the Dixan Management Corporation's emergency be approved. All in favor, let me know by saying "aye" -- any opposed, "no."

(All Board Members voted "aye")

(The motion was made and seconded and carried unanimously that Item No. 4 of the Agenda be approved.)

CHAM. BONEY: Who represents Senat?

MR. TRUSMAN: We do, Mr. Chairman. This is W. H. Trusman, from Birmingham, and this is Mr. Peter Smith, from Birmingham.

CHAM. BONEY: I was just asking a question here -- do you continue... you want 640 for the entire area of all counties for gas?

MR. TRUUMAN: Yes.

CHMN. BONEY: We gave you 80-acre spacing previously.

MR. TRUUMAN: That was on oil.

CHMN. BONEY: Yes, on oil.

MR. TRUUMAN: And we felt that perhaps on oil, in view of the... there was some misapprehension when that was filed, Mr. Chairman. Mr. Smith and I were not handling it at that time. There was some misapprehension as to what could be gotten or what was proper for oil, and we well realize now that you can't get but 40 for oil, as under the Statute, if you don't produce below 9,990, so for the present time, we thought perhaps we might leave the oil spacing, aside from the drilling unit itself, open to see what happens.

CHMN. BONEY: Leave it on 80 acres?

MR. TRUUMAN: No sir, leave it alone entirely.

CHMN. BONEY: Oh, still take your 40 -- in other words, place it back to 40?

MR. TRUUMAN: Well, not place it at all.

CHMN. BONEY: I mean, you're canceling all your previous permits except this one, and you want 80 or 160 on the well you're drilling now?

MR. TRUUMAN: Yes sir, if producing oil, but we are asking, Mr. Commissioner, we are asking for spacing of 640 acres for gas on the territory.

CHMN. BONEY: All right, I understand.

MR. HARRIS: They may hit above 9,990.

CHMN. BONEY: Gentlemen, we have with us a distinguished guest and he needs no identification. I know I express the feeling of this whole Board when I say 'Governor, we're glad to have you with us,' and I now present to you, Governor Patterson.

GOV. PATTERSON: It's nice to be here today, it certainly is.

(Chmn. Boney then introduced Governor Patterson to the members and the staff of the Board)

GOV. PATTERSON: Don't let me interrupt, if you've got something going right now. I'll be happy to wait a minute.

CHMN. BONEY: No sir, if you'd like to say something now, we'll be happy for you right now to say...

GOV. PATTERSON: All right, I would like to say a word or two, if you'll permit me. Y'all just keep your seats.

(Governor Patterson then addressed the Board)

CHMN. BONEY: Mr. Trueman, excuse us for interrupting. We will now...

MR. TRUEMAN: That's perfectly all right. I was very interested in that. We did a lot of work in that off-shore... it was very interesting. If I might, I would...

should I briefly review what we are asking for?

CHMN. BONEY: That'll be fine. We'll be glad for you to.

MR. TRUENAN: We might say at this time that we don't want to be presumptuous and we're just putting this in for what it's worth. Here is an order drawn along the lines we're asking for. Of course, it's subject, of course, to anything y'all do. We're just putting it in for what it's worth, if you find fit to give us the relief we're asking. You were asking a minute ago, Mr. Chairman, about the... what's been done in the past. Well, we filed a petition, I mean, we filed a petition asking for spacing and asking also, of course, for permanent approval of the drilling of this well which we call J. J. Hagerman No. 1. It's located Northeast of the Southwest... Northeast Quarter of the Southwest Quarter of Section 9, Township 23 North, Range 3 West, Sumter County, Alabama. That permit that was issued originally is No. 1040. We're asking that it be reissued and amended with respect to the spacing on the well. In other words, this well is projected for at least 10,000 feet and we expect it may have to go deeper than that. At the present time, we are drilling in very solid formation and we have a witness here if you gentlemen would like to hear him.

CHMN. BONEY: I don't think we... there's no contest,

is there?

(No response)

CHMN. BONEY: I'd be happy to hear him, but I don't think it's necessary.

MR. TRUUMAN: All right, sir, whatever you wish. We don't want to put on any testimony if...

CHMN. BONEY: I have just looked over the agenda and I just wanted to get that straight as to what we were doing. I hadn't read it real close. Bobby, have any of you looked at the order, have you read this order?

MR. MacELVAIN: I haven't read the order.

MR. TRUUMAN: It follows with the petition very closely.

DR. JONES: Pass it down to Gus.

MR. MacELVAIN: Let Gus check it over.

DR. JONES: It's the first time any of us have seen it.

CHMN. BONEY: That order embraces everything you have on the agenda?

MR. TRUUMAN: Yes sir, and it traces the petition as closely as we've been able to do it.

MR. MacELVAIN: Here's the original petition, Mr. Boney.

MR. HARRIS: I'm not sure about the description in here, I haven't checked the description, but I'm assuming

the description to be correct.

MR. FITE: I move that the petition be granted.

MR. BRITTON: I second it.

CHMN. BONEY: It's moved and seconded that the petition be granted. All in favor, let me know by saying "aye" -- any opposed, "no."

(All Board Members voted "aye")

CHMN. BONEY: The "ayes" have it.

(The motion was made and seconded and carried unanimously that Item No. 5 of the Agenda be approved.)

MR. TRUEMAN: Thank you very much.

MR. SMITH: Thank you, gentlemen.

DR. JONES: Now, Gus, if there's anything wrong with any of these things, the Board can just keep...

MR. HARRIS: They've spent a lot of time, I know, on this.

MR. SMITH: I might say for Mr. Harris' benefit that we have carefully followed in the proposed order, the petition, the outline that was included on the map in that petition.

MR. HARRIS: It's the same thing we discussed in my office.

MR. TRUEMAN: Yes sir, that's it.

MR. SMITH: That's right.

DR. JONES: Now, the minutes have come in. None of

us have had a chance to look them over, but they are here, and that's the next item on the agenda.

CHEN. BONEY: I want to discuss another matter with the Board. I've already discussed it with you outside, but we have a well at Gilbertown Field, and Ford MacElvain, they've been complaining to him about it quite a bit, he's been out there a number of times and he's come to me with it and I've gone to the people and talked to them about it. I cannot get them to do one thing in the world. Ford called me again a few days ago in regard to the same matter and I told him to bring it up today, and I think he'll testify that the well is not good housekeeping, we might put it. It's just completely... it has no production, and I think... they're on my neck and I want to get them off. I don't want them on the Board's neck.

MR. WHITE: Who's the operator, Mr. Boney?

CHEN. BONEY: Mrs. Leek signs the thing, with the Leek Realty Company, Mrs. Leek signs the... whatever... but it's in litigation. Mr. Leek died, and it's in litigation some way or another, and I talked to a Mr. Wright, the attorney for the firm, and he said no, he sold his... and the water is running down, as Ford will testify, and I imagine it's ruined 40 or more acres of land -- just salt water. We're trying to find out whether we can legally stop it. Gus said he didn't think...

MR. FITE: We can get an injunction for a nuisance.

MR. HARRIS: But it's going to be hard to do in that county.

CHMN. BONEY: You just can't get them to do it. You just don't run into that...

(At this point in the proceedings, there was an off-the-record discussion between Mr. Fite and Chmn. Boney concerning this matter.)

CHMN. BONEY: But the point we want to make is whether the Board will support... we certainly don't want to be lacking in our duties, you see. I think if we have any jurisdiction, we ought to go ahead with it. If we don't, we should notify the parties that we don't have any jurisdiction over that phase of it.

MR. HARRIS: Suppose a rig would fall on somebody's house. Same deal. We couldn't hold him responsible for the rig hurting somebody's house. If it fell under the...

MR. FITE: We just ought to tell them we have no jurisdiction.

CHMN. BONEY: I want them to know we're not shirking our duties, you see. Every day I turn around somebody is telling me "Mr. Boney, why don't you stop it, why don't you stop it?" I say "Well, I can't stop it. Go to the court house with it." They think we've got Grand Jury authority. I want them to put it in Dr. Jones' and Gus' lap and let them...

DR. JONES: Gas, I know we certainly have the right to prevent the mixing of oil or gas sand and salt water or salt with fresh water.

MR. HARRIS: Waste -- yes sir, we do.

DR. JONES: And when it gets on top of the ground, then we no longer have any jurisdiction.

MR. HARRIS: As long as there's no waste of oil or seepage back into the...

DR. JONES: Well, suppose they're mixing salt and fresh water. That's specifically in there.

MR. WHITE: I think the disposal of salt water comes under the jurisdiction of this Board. I might be mistaken.

DR. JONES: I have the feeling it does. It was intended.

CHEN. BONEY: I don't believe it's polluting any streams, is it, Ford?

MR. FORD MacELVAIN: According to the Health Department's examination down there, that is not a serious pollution.

CHEN. BONEY: It's not a serious pollution of streams, but there's no oil being wasted, Bobby.

DR. JONES: As a matter of fact, the one thing that is being done is that somebody is being damaged, and this is the first instance that I know of where nobody who is

being hurt could get a lawyer.

MR. FITE: Now, Dr. Jones, they could get a lawyer if they want one bad enough. I've just never heard of...

DR. JONES: But I reckon that is the recourse of a landowner.

MR. FITE: I'll bet they could get a lawyer if they'd sincerely go after one.

DR. JONES: But where the damage occurs, that is the recourse, and the reason some people want to put in in-pit wells is that they do not want to run the risk of damage.

CHAS. BONEY: Now, some states... in Mississippi, if you put just a little bit of salt water in the streams over there, they'll get you for sure.

DR. JONES: In the streams?

CHAS. BONEY: Yes sir, that Justice of the Peace is busy every Monday morning. Every Monday morning the Justice of the Peace has got these boys and they're paying off. I make a motion that this Board go on record of seeing what can be done about it and that they so advise whoever these people are.

MR. HARRIS: Mr. Boney, we had a similar request from the Pellard Field recently. I wrote Dr. Jones a memorandum. Of course, that was a little different in that they are raising a fine crop of mosquitoes up there and I wrote Dr. Jones a memorandum similar to this, but I

don't think we have jurisdiction. We can ask for cooperation to clean it up, but as far as legal duty on our part in telling them they must do it, I don't think we have the jurisdiction, but I was going to send the Board... I asked the Doctor if I should send the Board a copy of that memorandum, and in that letter that we write to the State Health Department, state that we will be glad to cooperate but we have no legal jurisdiction.

CHMN. BONEY: Have you had any direct complaints, Ford, or any people that you know of that have...

MR. FORD MacELVAIN: No one has made a direct complaint.

CHMN. BONEY: I know of several that have asked...

DR. JONES: There was a petition signed by a lot of people that came into the Health Department.

CHMN. BONEY: That's a different one. Ford and I ran that one down. That's all right. It's all right, the man is just a little slow on it, but I would appreciate it if y'all would do it, because if you don't, I'm going to...

DR. JONES: Do you mind if we go far enough to say that it's not good policy to risk the ruination of land in production of oil; while we have no jurisdiction over it, that our laws are actually not being violated, but there is one other that is being violated, and while we

have no jurisdiction to put them on record, that if we are ever drawn into court to testify on these things, that that would be our testimony, that it's not good policy to ruin our land. Our land belongs to future generations and if we ruin it now with salt, that it will be ruined for a long time, that we consider that that is bad practice.

CHEN. BONEY: Getting down to another matter -- in September, the Mid-Continent meets at Point Clear. What's the date, Mr. Carlisle? Do you know the date the Mid-Continent meets -- the 29th and 30th?

MR. CARLISLE: I think that's right.

CHEN. BONEY: On the 29th and 30th. This Board has always attended and I'm sure they would like to go again, but we will have to meet at Point Clear because we cannot travel in this State without having a Board Meeting. Now, we meet on the third Friday of...

DR. JONES: All right, the Chairman can call a special meeting. If you want to meet the third Friday and then a special meeting at that. It's worthwhile.

CHEN. BONEY: I wanted to discuss it with the Board on that. Do you want to have your regular meeting on the third Friday or...

DR. JONES: Or have that for the meeting?

CHEN. BONEY: Which do you want to do?

MR. CARLISLE: I can find out the dates.

CHMN. BONEY: That's the dates, I'm sure, the 29th and 30th. I'm sure those are the dates. Now, we can go ahead and have our regular meeting on the third Friday, because there's lots of people depending on it. I hate to get away from a meeting date and get the people... they don't know whether we have a regular meeting date or not.

DR. JONES: It might be bad to try to mix the regular meeting with the other meeting. You can't...

CHMN. BONEY: You'd have to have it in Mobile and recess, because with all the people coming there, we don't want to go to Point Clear.

DR. JONES: Why not have the regular meeting and then a special called meeting for that? It's very much worthwhile. I think what we accomplish there is well worth what it takes.

CHMN. BONEY: Well, we will not have to have our special meeting... I mean, we will not have to have our regular meeting there.

DR. JONES: Tuscaloosa, or whatever you...

CHMN. BONEY: All right, the third Friday, in Tuscaloosa. Now, I'd like to mention this: on Tuesday of next week we're having this thing to do in Tuscaloosa. I might say we advise a called meeting on that, because...

DR. JONES: A called meeting?

CHMN. BONEY: ...because we're all anticipating being there. I think it's no more than right if we've got the money to pay for it, and if we don't, we'll go anyway. Let's have a special meeting for that, whether assembled or not.

DR. JONES: Well, we're going to assemble on the platform, and Bobby will be writing the minutes of the meeting. I don't think we need... on these special meetings, I don't think we'll have anything to transcribe.

CHMN. BONEY: Gentlemen, does anybody else have anything that they would like to bring before the Board?

(No response)

DR. JONES: Do you want to approve these minutes?

CHMN. BONEY: I make a motion that the minutes be approved.

MR. FITTE: I second it.

CHMN. BONEY: It's been moved and seconded that they be approved.

(The motion was made and seconded and carried unanimously that the minutes of the last meeting be approved.)

CHMN. BONEY: That's the only thing that I had that I wanted to discuss. Gus, did you have any matters that you wanted to discuss?

MR. HARRIS: No sir. On this tax, I know we're still

investigating that. Mr. Britton, I believe, has talked to the Governor about it. We're going to talk again with the Revenue Department. I think it's best just to wait until next time and give them a full report, don't you?

MR. BRITTON: I think so.

MR. HARRIS: Show them the letter you got from the Governor yesterday.

(Mr. Britton presented the document to the other Board Members and the staff for their examination.)

CHUN. BONEY: I make a motion that we adjourn.

MR. FITZ: I second it.

(Whereupon, at 11:00 A.M., 19 August 1960, 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 AND GAS BOARD OF ALABAMA ON
19 AUGUST 1960 IN MONTGOMERY, ALABAMA, TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

Lou M. Chambers
LOU M. CHAMBERS
Hearings Reporter
State of Alabama

STATE OIL & GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

October 21, 1960

Testimony and proceedings before the State Oil & Gas Board of Alabama, in Building No. 5, Smith Woods, University Campus, Tuscaloosa, Alabama, pursuant to adjournment, on this the 21st day of October, 1960.

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Mr. Gene White.....Petroleum Engineer

Mr. Gus Harris.....Legal Advisor

(Reported by Lou M. Chambers)

A P P E A R A N C E S

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PROCEEDINGS

(The meeting was convened at 9:30 A.M., 21 October 1960)

CHMN. BONEY: Gentlemen, the meeting will come to order.

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

CHMN. BONEY: No. 1 on the Agenda would be:

"Petition by Mr. Marshall Oglesby for permanent approval to drill the following off-center location in the East Gilbertown Field, Choctaw County, Alabama:

"Center of NE $\frac{1}{4}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$
Section 2, T 10 N, R 3 W."

We issued an emergency on that some three weeks ago, and I think the rig moved in yesterday to get ready to go to drilling, so it's pretty important that they get an emergency. I think it's a convenience more than an emergency, but anyway, it has been issued and we have to make an approval of it today, so what do you want to...

MR. BRITTON: I make a motion that it be approved.

CHMN. BONEY: I second the motion that it be approved.

No use to take a vote on it.

(The motion was made, seconded, and carried unanimously that Item No. 1 on the Agenda be approved.)

CHDMN. BONEY: Petition No. 2:

"Petition by G. H. Jett and B. B. Chamberlain, Jr., for forced pooling of the following 40-acre off-center drilling unit:

"598 feet South of North line and
304 feet East of West line of
SW $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 36, T 2 N,
R 3 W, Citronelle Field, Mobile
County, Alabama."

MR. MacELVAIN: It's less than 330 feet.

CHDMN. BONEY: That's 304 feet, isn't it? Who's representing them in that -- you, Mr. Holifield?

MR. HOLIFIELD: Yes sir. I'm T. J. Holifield, representing Jett Drilling Company in this matter. Mr. Chairman, this is the same matter that we're about to wear out. It's the same unit that we have had for about the last three months. Originally, we had set up this for deep oil unit in the field, and this is the 40 where the well was to be located, and then after we got approval for that, why, then we found that we could not locate... in other words, couldn't drill the well where we had located the well, so then we came back and we did it all over again. We re-force-integrated the unit and moved the location to this exception or location, and now for the time-being they have abandoned. This is a deep drilling unit, so this morning we are coming back to the same 40-acre unit now,

the SW, SE, 36, 2, 3, and asking that that unit be force-integrated in the same location of the same well as an exception, because, as been sent in to this Board on one previous occasion, this is the only possible drilling location in the unit, and that's the same situation, except now we come in for the upper sands down to the base of the...

CHMN. BONEY: In other words, you're not going to make a deep well out of that?

MR. HOLIFIELD: That's right, sir. This is just strictly for the upper sands, force-integrated, and as an exception off-center location.

CHMN. BONEY: Now, what, in the past... what did we give you, 180-acre or 160-acre spacing?

MR. HOLIFIELD: We had 160-acre spacing.

CHMN. BONEY: All right. You want to cancel that 160-acre spacing?

MR. HOLIFIELD: That's right, sir, for the time-being.

CHMN. BONEY: No sir, we're going to cancel it for good.

MR. HOLIFIELD: We'll file a petition again.

CHMN. BONEY: We can't leave them out there and you move off and then come back and assume that you've still got it, don't you understand?

MR. HOLIFIELD: I understand that, sir.

CHMN. BONEY: This 160-acre spacing will follow this particular well, and the thing that's been happening in the past, we'll cancel that up to that date. Now, why are you going 304 feet, Mr. Holifield? That's closer than we..

MR. HOLIFIELD: That's the same exact location that the Board approved at the last meeting.

CHMN. BONEY: Well, why would you want to make it on this one? Oh, this is a different sand. This is just the upper sand. I understand.

MR. HOLIFIELD: That's right. See, we can't get located on the 40.

DR. JONES: Gentlemen, the location off-center 304 feet in the 40-acre unit is a whole lot different from...

CHMN. BONEY: From 160-acre unit, and then this is in shallow and that was in deep -- that's why I'm wondering.

MR. HOLIFIELD: Well, Mr. Chairman, if you'll remember, the 160-acre unit consisted of the SE $\frac{1}{4}$ of Section 36, and the well is located 304 feet from the West line of the 160-acre unit, and it's also located 304 feet the same place of the 40-acre unit, because it's in the shape of a square. It's still in the SW portion of it, and that's the only place we could find for location for a well.

CHMN. BONEY: You mean you couldn't move that back 26

more feet and put it 330 feet instead of 304?

MR. HOLIFIELD: I asked them about that. They said no, they'd have to drill it right where it is.

CHMN. BONEY: Why?

MR. HOLIFIELD: Well, we have to put on a witness here. We have Mr. Gathright here as a witness. It's my understanding that topographical conditions down there and the wires are the problem and the streets...

CHMN. BONEY: Let me ask this: Is there anybody here, Mr. Jefferies, that you know of that opposes us giving 304 feet to the land line?

MR. JEFFERIES: I haven't heard any opposition on it.

CHMN. BONEY: Who owns the adjacent...

MR. HOLIFIELD: I have a plat here, Mr. Chairman. I showed it before.

MR. JEFFERIES: Do you ask that that go right in that swamp down there?

MR. HOLIFIELD: I don't know about on the ground, except by my witness.

(Mr. Holifield then presented the plat to the members and personnel of the Board and pointed out the following information thereon:)

MR. HOLIFIELD: This is the plat here and the well would be located about right along in here (indicating). This is the 40, joined at here, the one it will be closest

to, so that's the... Gulf leases owned by the same people, Gulf leases owned by the same people, Gulf leases owned by the same people, Gulf lease here by the same people, and Gulf up there (indicating). Now, you might wonder why some of these...

DR. JONES: Who are the people?

MR. HOLIFIELD: This is where we're digging the well.

CHMN. BONEY: Well, what I mean, is this going to be over here?

MR. HOLIFIELD: On the other side?

CHMN. BONEY: Yes.

MR. HOLIFIELD: Well, Jett is going to operate over there, too.

CHMN. BONEY: Who's the owner, I mean, the holder of the surface of the land?

DR. JONES: Yes, it seems to me the land owner or royalty owner here is infinitely of greater importance than who has the leases.

CHMN. BONEY: Gulf would own the leases on this and it'd be John Doe, and Gulf would own this and it'd be Sam Doe -- you see what I mean? If the same party owns it all the way around, it gives it careful consideration; however, we're going to hear your testimony, Mr. Josh, but I just want to look into this a little further.

MR. HOLIFIELD: All right, sir, let me see if I have another plat here with me.

DR. JONES: The 160-acre unit was a wildcat.

CHMN. BONEY: It was deep, too.

DR. JONES: Deep, and a wildcat, and you've always taken action on wildcat wells that you have never taken on field wells.

MR. HOLIFIELD: Mr. Chairman, I don't have a plat of the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 36 with me, but I do know that Jett Drilling Company is the operator of the unit.

CHMN. BONEY: Well, that's possibly true, but it might not be the royalty owner.

MR. HOLIFIELD: Well...

CHMN. BONEY: Go ahead and present your testimony, Mr. Holifield.

MR. HOLIFIELD: Mr. Gathright, come up, please.

CHMN. BONEY: Is anybody else going to testify in this case?

(No response)

CHMN. BONEY: You're the only one that's going to testify in this case?

MR. GATHRIGHT: I think so.

(Witness was then duly sworn)

EMMETTE F. GATHRIGHT, appearing as a witness on behalf of Jett Drilling Company, being first duly sworn, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Holifield:

Q State your name, please.

A Emmette F. Gathright.

Q What is your occupation, Mr. Gathright?

A Attorney.

Q Who do you represent, Mr. Gathright?

A Jett Drilling Company.

Q What are your duties in regard to the Citronelle Field, Mr. Gathright, in relation to the matter here presented before this Board?

A Overall supervision of preparation of tracts for drilling Rodessa wells and getting locations ready, title surety matters, et cetera.

Q Did you, in regard to the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 36, T 2 N, R 3 W, Mobile County, Alabama, which is in the Citronelle Field, did you have an occasion to represent Mr. G. H. Jett and B. B. Chamberlain, Jr., in the same capacity?

A Yes, I did.

Q Mr. Gathright, when you went upon the premises, what, if anything, did you find there in regard to the loca-

tion of the proposed well there?

A Mr. Holifield, the reason that the well site is staked where it is on this tract is because of a topographical condition there. It's a deep, slopey, swampy condition, sloping off to the east there, which would prevent the well site from being staked any further to the east.

Q Is this unit divided north and south and east and west by main streets through there?

A Yes, it is.

Q Are there any guy wires out there?

A I believe so.

Q Are there any other obstructions and so forth?

A There is this subdivision of lots in or near the center of this 40.

Q I'll ask you this: Is there any other possible drilling location on the 40?

A We did not find a possible drilling location suitable other than this one, topographical conditions considered.

Q All right, sir, in regard to this, I'll ask you this: Did you have an occasion to contact anyone in regard to... in other words, did you find anyone that would not join into an operating agreement to pay their pro rata part of the drilling and operating cost?

A Yes, I did.

Q Who was that party?

A Mr. J. A. Brown, Jr., who is one of several heirs who own about approximately a five-acre tract, who have refused to join in and pay their pro rata part of the unit cost of a well.

Q Did Mr. Brown have notice of this meeting today?

A Yes, I'm sure he did. It was duly advertised.

MR. HOLIFIELD: All right, sir. Would the Board like... We submit, Your Honor, if the Board has any further questions...

CHMN. BONEY: I don't think this Board has any questions about the integration part of it. We would like to ask what percent of signatures you have or what percent you had before you asked for integration on it.

MR. HOLIFIELD: Well...

MR. GATHRIGHT: About 90 percent.

CHMN. BONEY: Do you have that?

MR. GATHRIGHT: About 90 -- approximately 90 percent, Mr. Chairman.

CHMN. BONEY: The only thing, the question in my mind is this: this 304 feet, that's 26 feet further than this Board has ever issued even in a wildcat area, gentlemen, and I'd like to...

DR. JONES: Without the reservation of proration.

CHMN. BONEY: We never have made, except on permanent... when we make it permanent, we don't put a reservation in there. We've only done it one time. We did it in the Pollard Field, and they drilled it with the proration in there, but when we make those permanent, we remove the responsibility of proration. We do that from an emergency up until the permanent approval there for a hearing, you see. Unless somebody here particularly disapproves of it, I'd like to have Mr. Tucker and Mr. Bob Wood testify in this. They're in that field. I'm not questioning you fellows, but we're fixing to set a precedent that we have never done, and 26 feet is very little, don't you understand, but Citronelle can see you and will see you, and this Board wants to tread on pretty smooth ground without... We certainly don't want to tell you that you can't drill an oil well down there because there's only one location -- if there's only one there, there's only one -- but sometimes you can take a guy wire down and make some maneuver. Just a minute, let us get Mr. Wood and Mr. Tucker around.

DR. JONES: Gus, should they be sworn?

CHMN. BONEY: I think so. Both of you be sworn. Just swear them both at the same time.

(Witnesses were then duly sworn)

DR. JONES: Which one do you want first?

CHMN. BONEY: It makes no difference. We'll take Bob Wood. Come around a little closer, Bob, so the reporter can hear you.

R. C. WOOD, appearing as a witness on behalf of the Oil & Gas Board, being first duly sworn, testified as follows:

EXAMINATION BY THE BOARD

Questions by Chmn. Boney:

Q Bob, are you familiar with the 40 acres of land that this permit is being asked for here?

A Yes sir.

Q Have you been on the land?

A Yes sir.

Q Do you know whether or not they can drill anywhere any further away from the land line than 304 feet? Are you familiar enough with it to know that?

A Yes sir. Mr. Boney, the first location stake was on Mr. Brown's property and I don't think they went along with them, as Mr. Gathright will tell you, and then they moved the location, which was 598 feet South of the North line and 304 feet East of the West line, and that location was moved with the thought in mind of moving the big rig in, which ordinarily takes more space in there than the smaller rig.

Q But at that time, that was a deep well, wasn't it?

A Yes sir.

Q Now they want a shallow well?

A When it was originally staked, you see, it was for the big rig coming in, and 304 feet East of the West line... I believe that we could move it back 26 feet East and still have the same type of location, Mr. Gathright.

Questions by Dr. Jones:

Q For the shallow well?

A For the smaller rig and shallow well, and still stay within the law of the State, you see, 330 feet from...

v CHMN. BONEY: Well, that's a Board ruling. We can put it on that line if we want to, we understand that, but we certainly want to protect everybody involved in it, and you know the point that we hit there -- if we get over there just a little bit, somebody is liable to come up, and 26 feet can't... I understand if you're in the middle of a pond, you can't go any further, I understand that position.

MR. WOOD: But it takes about twice as much room for a big rig ordinarily as it does for a small rig.

CHMN. BONEY: I understand that, but you can move the power post or a guy line, and people think the Board is hard, but 26 feet...

DR. JONES: It's a precedent.

CHMN. BONEY: That's right. We're fixing to set a

precedent. The next time they come up, they'll want 10 more feet, and the next thing, they'll be completely over the dad-blamed land line. You might as well close the knot-hole while you can and not get too far with it. What's your opinion of it?

MR. MacELVAIN: I think they could probably move it 30 feet, for that matter.

DR. JONES: We have a wide precedent on 330 feet, and we have fought for it.

CHMN. BONEY: To preserve it.

DR. JONES: Like mad wolves for anything less than 330 feet.

CHMN. BONEY: We gave 167 feet to Pollard Field. Well, we got in the most terrible darn suit in that thing you ever heard. We stayed down there for days on that thing, so we gave it to them and they finally drilled on 167 feet and got a better well than they thought. They turned right around and plugged that well completely and backed over here, at 330. You can't... I know geologists are much smarter than I am in that particular phase of it, but...

MR. GATHRIGHT: Would you give us just a second, Mr. Chairman?

CHMN. BONEY: Sure. While you're examining that, I'd like to examine Mr. Tucker on the same matter while he's here.

W. E. TUCKER, appearing as a witness on behalf of the Oil & Gas Board, being first duly sworn, testified as follows:

EXAMINATION BY THE BOARD

Questions by Chmn. Boney:

Q What do you think about it?

A I agree with Bob on that.

Q You know the location?

A Yes sir, and they cleared that location to put in a big rig, and it's necessary to have a large turn-around to put those drawings up, and with the small rig, I think they could go ahead and move it back to the East of that line.

Questions by Dr. Jones:

Q There's a ravine out to the farther East, and they'll be moving toward the ravine?

A Yes sir, there's a small creek down there and it's dipped, part of it, but with a big rig, they'd stay off that fill out there as much as they can. With a smaller rig, they can go on a little bit further out.

MR. GATHRIGHT: Mr. Chairman, I was just going to suggest that we ascertain whether or not we can move that over, push it over, in view of the fact that we were thinking of the larger rig.--see if we can move it over the 26 more feet and request that the Board go ahead and give us a

temporary approval on the location moved over 26 feet to the 330. We'll make it permanent next time -- go ahead and permanently approve our forced integration and give us temporary approval, I mean emergency approval, on 330, and if we find that we just absolutely cannot do it, then we'll come back to the Board again.

CHMN. BONEY: The only thing about emergency approval, Emmette, is this: the law doesn't let us have but 15 days and then we've got to renew it by mail, which we've been getting by with, and when that comes up, we could have our throats cut. Why don't we go ahead and give you a permanent approval on 330 feet and then if you cannot operate under it and you cannot do it, apply back to the Board for an emergency?

MR. HOLIFIELD: Mr. Chairman, the only objection to that -- that would suit me fine -- but I believe if it's more than 330 feet from the center, it has to be on notice and I think we'd have to re-advertise it.

CHMN. BONEY: Well, you're on the notice here for 304 feet, you're on notice, and if you change it 26 feet, you probably wouldn't have to go back on notice again.

MR. HOLIFIELD: That's what I was wondering about, whether we'd have to go on notice again.

DR. JONES: What about it, Gus?

CHMN. BONEY: All right, as Mr. Gathright said, renew it by mail.

MR. GATHRIGHT: That's the only reason we asked you that, Mr. Boney.

CHMN. BONEY: I think you're probably right about that. It would have to be on notice of hearing.

MR. HARRIS: Yes.

MR. MacELVAIN: For just the location, but not the forced pooling?

CHMN. BONEY: No, no, we're agreeing with... I assume you're with me on this?

MR. BRITTON: Yes.

MR. HARRIS: What are they doing, amending the description in it?

MR. MacELVAIN: Mr. Boney, as I recall in the Special Field Rules, the Board, without notice of hearing, can move a well up to 330 feet of a line.

CHMN. BONEY: Is that right?

DR. JONES: I believe so, I believe so.

MR. HOLIFIELD: My math is a little rusty there -- from 330... from 598 feet South of the North line and from 330 feet East of the West line... I'd have to get the scale to check to see if I'm more than 330 feet from the center. That's what I'm checking. I'd have to get my scale to check

if I'm more than 330 feet from the center.

MR. MacELVAIN: You'd be 330 feet from the center.

DR. JONES: Just from the center, 330 feet would...
300 feet would be a circle.

MR. MacELVAIN: Let me get those Field Rules and we'll
see exactly where we are.

MR. TUCKER: Is that an exact... 313-20-40...

MR. GATHRIGHT: 40.73 -- 598 South of the North line.

MR. WOOD: That's about 350 West of the center, and
the fact that it'd be impossible to drill it closer to the
center because the creek hits right there, Dr. Jones.

DR. JONES: Yes, well, the 330 is what we're really
after, Bob.

MR. WOOD: Yes sir.

DR. JONES: That is in precedent for 15 years.

CHMN. BONEY: Beg your pardon?

DR. JONES: The 330 feet.

CHMN. BONEY: That was set up by the Board.

DR. JONES: I just don't believe that will ever be
knocked down in court. I don't believe it would.

MR. WOOD: Now, that would be 330 feet from...

DR. JONES: The boundary.

MR. WOOD: From the section line.

DR. JONES: Yes, the boundary, but that is the precedent.

It doesn't matter about the center.

CHMN. BONEY: In this particular case, it'd be approximately 340 feet from the center, because this is... this has about 7 points, could possibly be just a little bit more, but we're basing this strictly from the outside boundary, not from the center.

DR. JONES: But it seems to me that approval of the pooling, an emergency on your location would be entirely satisfactory.

CHMN. BONEY: You see, the object in setting anything which, as we ran into when we established this, in the South Carlton Field, you've got that old Spanish Grant there and those things run out at angles and you've got some sections, some 40's you've got 60 acres in them, Gus. Same thing in Choctaw. You've got it in the boundary line and if you try to establish in the center of the 40, we have to pull it from the boundary even though regardless of where it is in the center.

DR. JONES: They have one section in the South Carlton area that's a high star triangle -- not only not a square or a rectangle, but it's a very sharp star triangle.

MR. HOLIFIELD: Mr. Chairman, I don't quite exactly understand our position. If it's permissible to the Board, may I state what I understand the position is so I'll be clear?

CHMN. BONEY: Yes.

MR. HOLIFIELD: As I understand it, now, the Board has force integrated our unit?

CHMN. BONEY: That's correct.

MR. HOLIFIELD: And they have given us an emergency approval to dig a well at 598 South of the North line and 330 feet East of the West line on the unit?

CHMN. BONEY: That's at 598?

DR. JONES: That's right.

CHMN. BONEY: That's right.

MR. HOLIFIELD: Which we will ask the Board, of course, to amend our petition and re-advertise for the November meeting to get approval, permanent approval, of the location of the well.

CHMN. BONEY: In the meantime, we only have 15 days that we can issue an emergency an.

MR. HOLIFIELD: That's right.

CHMN. BONEY: In other words, that emergency would be void if we don't re-meet again or do something by mail to continue it, which we don't think is quite legal, but we...

MR. HOLIFIELD: In the event they don't begin drilling operations within 15 days from today, we will contact the Board and ask for a continuance or ask them to withhold any drilling until after the November meeting.

CHMN. BONEY: But you must do it in time to get it in the form of a notice.

MR. HOLIFIELD: That's right.

CHMN. BONEY: It takes about 10 days. Is that right?

DR. JONES: That's right -- minimum.

MR. MacELVAIN: We have to have it by the first Friday in the month.

MR. HOLIFIELD: So we'll proceed in that manner.

CHMN. BONEY: Do you make a motion?

MR. BRITTON: That'll be sort of an elaborate motion.

CHMN. BONEY: Well, just make a motion that the integration, approve the integration as passed on as permanent, and we'll issue an emergency for 330 feet drilling units in the field instead of 301, see -- I mean 304.

MR. BRITTON: I make that motion.

CHMN. BONEY: He makes that motion and I second it.

(The motion was made, seconded, and carried unanimously that Item No. 2 as amended be approved.)

CHMN. BONEY: No. 3:

*(Received too late for legal advertisement - Emergency petition.) Petition by Petroleum Management, Inc., to approve, reapprove, establish and re-establish the:...

MR. HOLIFIELD: Excuse me, Mr. Chairman, this is a petition that's placed on the docket that has not been

advertised and will be heard at the November meeting of the Board. In other words, it got in too late in order to get it advertised this time, so it will be heard at the November meeting of the Board.

CHMN. BONEY: You didn't write that item up, did you?

MR. MacELVAIN: No sir.

CHMN. BONEY: I knew a lawyer wouldn't say "approve, reapprove, establish and re-establish." A geologist would never write that up. Also on that:

"as an oil drilling unit in the Citronelle Field, Mobile County, Alabama; to approve and reapprove the location of an oil well in said drilling unit as being:..."

and so forth, and that's the one you want to pass over and have...

MR. HOLIFIELD: That's right. It has not been advertised.

CHMN. BONEY: Item No. 4:

"Petition by Jett Drilling Company, Inc., for renewal of emergency approval to move the location of Citronelle Unit (B-29-12) to the following location:

"570' E of W line and 390' N of S line
of NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 29, T2N, R2W
Citronelle Field, Mobile County, Alabama."

Now, what's the...

MR. HOLIFIELD: Mr. Chairman, I'm Josh Holifield again, representing Jett Drilling Company in this matter. This particular unit is also within 200... approximately 285 feet of the center of the unit, which is in the purview of the supervisor's authorizing it, as I understand it, and in other words, they filed the regular Form A-1, I believe, and the supervisor has the authority to issue it, but in connection with it, I have some pictures here that might be of interest to the Board to see what has happened on the location. I arranged the location that we had approved and we had to move it. They have the location here, Mr. Chairman.

CHMN. BONEY: Yes, I understand that. That was that well... water was the problem there. I believe the Board...

MR. HOLIFIELD: Here's a picture showing the erosion there and here's one showing the mud flying down through there. I thought the Board might... but as I understand it here, it will be a renewal of an emergency approval in the situation where they filed the regular Form A-1 and by of necessity the supervisor grants the petition. I understand. I thought that had already been done.

CHMN. BONEY: This is what we term... determine a shallow well as compared to a deep well.

MR. HOLIFIELD: That's right.

CHMN. BONEY: And that's the one you called in about, or Bill did, I believe. He called Gus and Gus called me about it.

MR. HARRIS: Yes, I called you about it.

CHMN. BONEY: And you want that extended, I mean, a renewal?

MR. HOLIFIELD: I really wasn't familiar with this particular matter here of petition because it would be granted by the supervisor. It's not a matter that has to be approved by the Board.

CHMN. BONEY: We may as well...

DR. JONES: We might as well let the Board... have Board action then since it's on the agenda.

CHMN. BONEY: Well, if it's in the scope of the supervisor, we may as well remove it from the agenda.

MR. HOLIFIELD: That's right.

CHMN. BONEY: Well, I make a motion that we remove this from the Agenda, and if it comes within the scope of the supervisor, you can get it anytime you want it.

MR. HOLIFIELD: 285, that's right.

CHMN. BONEY: Gentlemen, is there anything... is there anyone else that has anything they would like to bring up? Mr. Jefferies, do you have anything?

MR. JEFFERIES: No sir, thank you.

CHMN. BONEY: That brings us down to trying to get our budget balanced, so if none of you gentlemen have anything further to come before the Board, the meeting stands adjourned.

(An off-the-record executive session followed.)

* * *

THIS IS TO CERTIFY THAT THE FOREGOING TRANSCRIPT
IS A TRUE AND ACCURATE ACCOUNT OF THE PROCEEDINGS
BEFORE THE STATE OIL AND GAS BOARD OF ALABAMA ON
21 OCTOBER 1960 IN TUSCALOOSA, ALABAMA, TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

Lou M. Chambers

LOU M. CHAMBERS
Hearings Reporter
State of Alabama