

STATE OIL & GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

21 May 1965

Testimony and proceedings before the State Oil & Gas Board of Alabama, in the Board Room of the State Oil & Gas Board Building, University Campus, Tuscaloosa, Alabama, pursuant to adjournment, on this the 21st day of May, 1965.

BEFORE:

BOARD MEMBERS

Mr. E. K. Hanby.....Chairman
Mr. Hugh L. Britton.....Associate Member
Mr. C. D. Glaze.....Associate Member

BOARD PERSONNEL

Mr. Philip E. LaMoreaux.....Secretary & Supervisor
Mr. Gene White.....Ass't Supervisor & Chief Petroleum Engineer
Mr. Gus Harris.....Attorney

(Reported by Lou M. Chambers)

A P P E A R A N C E S

<u>NAME</u>	<u>REPRESENTING</u>
1. A. J. Morris.....	Pan American Petroleum Corp.
Jackson, Mississippi	
2. Walter B. Jones.....	Jett Drilling Company
University, Alabama	
3. R. G. Sanders.....	Self
4. Marshall Oglesby.....	Self
Gilbertown, Alabama	
5. John Green.....	Self
Gilbertown, Alabama	
6. Arden C. Anderson.....	Self
Pensacola, Florida	
7. W. E. Tucker.....	State Oil & Gas Board
University, Alabama	
8. E. C. Herbert.....	State Oil & Gas Board
Double Springs, Alabama	

P R O C E E D I N G S

(At 10:00 A.M., 21 May 1965, the Board convened the hearing in regular session.)

CHMN. HANBY: Gentlemen, we will now open our meeting. I'll ask everyone to stand and ask Dr. Jones to lead us in a word of prayer.

(A prayer was then offered by Dr. Walter B. Jones)

CHMN. HANBY: Before we begin the meeting, I think Dr. Jones is in line to make an announcement to this Board. I understand that he has a namesake. We'd like to hear from you, Doctor.

DR. JONES: Yes, it is with very great reluctance that I announce the addition to the Jones Clan, a boy, dark hair, bay window, about the size of his granddaddy's...

MR. HARRIS: A loud voice.

DR. JONES: A very small voice. Of course, he bears his granddaddy's name, Walter Bryan, II. His weight was 8 pounds and 9 or 6 ounces. We're very glad to announce that this morning.

MR. GLAZE: How many do you have, Doctor?

DR. JONES: Our son-doctor is here, two girls and this boy, and we have two boys in Huntsville. We don't allow any to be born away from where we spend our time. Of course, the nice thing about being old is to be a granddaddy and grandmama and spoil the "young-uns." When you get tired of them, send them home to mama. It's a wonderful institution and recommended to all of you young folks.

CHMN. HANEY: Well, the Board and the staff certainly want to congratulate you and wish the very best for the boy.

DR. JONES: Thank you, sir.

CHMN. HANEY: I'll ask now the supervisor if this meeting has been properly advertised and if we can begin business.

MR. LAMOREAUX: Mr. Chairman, the meeting has been properly advertised and we can present the business at this time.

CHMN. HANEY: All right, gentlemen. The first item on the agenda is the:

"Petition by the Pan American Petroleum Corporation to recomplete a well at the following off-center location:

"St. Regis 'A' No. 6
330' SWL & 330' WEL
NW/4 of the SE/4
S11, T1N, R8E
Pollard Field
Escambia County, Alabama

"Said recompletion to be performed by squeeze cementing present production perforations in the Massive sand at 6070' to 6076' with 100 sacks of cement, and perforating the Moye sand at 5918' to 5920' for production.

"The Board reserves the right to prorate in the event the above petition is granted and this well becomes a producer."

Is there anyone here representing the petitioner, Pan American Petroleum Corporation?

MR. MORRIS: Yes sir.

CHMN. HANEY: Will you stand and give your name?

MR. MORRIS: A. J. Morris.

CHMN. HANBY: Do you wish to testify, Mr. Morris?

MR. MORRIS: Yes sir.

CHMN. HANBY: Is there anyone else here?

MR. MORRIS: No sir.

CHMN. HANBY: Is there anyone present that wants to testify in this petition either for or against?

(No response)

CHMN. HANBY: Let the record show that there is no one appearing other than this gentleman. Will you raise your right hand?

(Witness was then duly sworn)

CHMN. HANBY: Let the record show that the witness was sworn in by the Chairman. Come up and have a seat.

MR. MORRIS: I have an exhibit I wish to mark as 1 and have it accepted by the Board. I have it in copies sufficient to pass around.

CHMN. HANBY: Mr. Morris, for the record, will you state your position with the petitioner or company?

MR. MORRIS: Yes sir. I'll need to be qualified as a witness. I'm presently a petroleum engineer in the Jackson district office, which is in charge of production operations for Mississippi, Louisiana and Alabama. I was graduated from Oklahoma State University in 1962 and have had various staff engineering positions with Pan American since that time.

MR. HARRIS: Are these all the same?

MR. MORRIS: Yes sir.

CHMN. HANBY: Are there any questions any of the Board Members want to ask the witness as to his qualifications?

MR. WHITE: No.

CHMN. HANBY: If not, we accept his qualifications. Now, we have had this exhibit marked Exhibit 1 and you may proceed now with your testimony.

(Mr. Morris furnished Board Members with copies of the Exhibit)

MR. MORRIS: I'm speaking from the exhibit now. We have this two-well cross section marked "AA-Prime." The A-6, of course, is the advertised recompletion. Currently, productivity of this two-well drilling is approximately 40 barrels of oil a day and 2100 barrels of water a day. We propose to permanently abandon the Massive sand presently productive in the A-6 and recomplete as proposed to the Moye sand. We will encounter a 14-foot structural gain by this recompletion and significantly reduce daily water production, and we should at least double the productivity of the drilling unit. Then we'll have to temporarily abandon the A-3 as it is also a Moye sand producer and on the same drilling unit. The permanent abandonment of the A-3 depends upon the outcome of this recompletion. This well is, of course, 466 feet off-center. We anticipate that the recompletion potential will be from 80 to 100 barrels of oil per day, as this A No. 6 is structurally similar to our 2-4 allowable wells, the St. Regis A-2 and the John Gray Unit No. 2. We do not foresee any violation of the correlative or co-equal rights, as this well is

centrally located in common royalty 100% Pan American in St. Regis and the Gray.

CHMN. HANBY: Now, what leases of acreage surrounding this particular acreage does Pan American own?

MR. MORRIS: It's encompassed by the large yellow block; all of Section 11 and a portion of Section 12 is all St. Regis royalty, and we also own this 40-acre Gray unit tract. As we had no off-center permit for the well, it requires an off-center recompletion.

CHMN. HANBY: Yes.

MR. WHITE: Mr. Morris, does Pan American have the Northeast diagonal off-set to A-6?

MR. MORRIS: Yes sir, yes sir, all of this (indicating).

CHMN. HANBY: All of it in yellow, you have?

MR. MORRIS: Yes sir. This is all Pan American. All of it is St. Regis except for the Gray unit as shown.

CHMN. HANBY: How much increase do you think you'll have in production?

MR. MORRIS: Well, between 40 and 60 a day net gain. This will, of course, we're going to have to abandon the 40-barrel a day potential to gain the 100-barrel a day, 80 to 100-barrel a day potential, and we will significantly reduce the water production, which is currently causing us quite a problem.

CHMN. HANBY: Any other questions?

MR. WHITE: No.

MR. LaMOREAUX: Mr. Morris, you said that you were going to abandon A-3. What is your intention for A-3 then?

MR. MORRIS: We will permanently abandon it dependent upon the outcome of this recompletion.

MR. LaMOREAUX: As I understand it then, you will abandon A-3 temporarily until you get production if you go ahead with this and the permit's granted and then you will plug A-3, is that correct?

MR. MORRIS: Yes sir.

MR. LaMOREAUX: In accordance with the rules and regulations?

MR. MORRIS: Yes sir.

CHMN. HANBY: Any other questions?

MR. LaMOREAUX: Mr. Chairman, I think that's all the professional staff needs to know.

CHMN. HANBY: Does the staff wish to make a recommendation?

MR. LaMOREAUX: I recommend that this be assigned to discussion in your executive session and then a decision rendered thereafter.

CHMN. HANBY: All right. Do you have anything further?

MR. MORRIS: No sir.

CHMN. HANBY: We will take this up later in the day and let you hear from us, our decision.

MR. MORRIS: Okay. Thank you.

CHMN. HANBY: Thank you very much. Well, let's see, now. I believe we should at this time let the record show that the exhibit marked Exhibit 1 be accepted into evidence.

MR. HARRIS: It has been so marked, Mr. Chairman.

MR. LaMOREAUX: It's a nice exhibit they worked up, a real good job.

CHMN. HANBY: All right. The next item on the agenda is the:

"Petition by Anderson Oil Exploration Company to
drill a well at the following off-center location:

"Unit 2-1
600' NSL & 125' EWL
NE/4 of the NE/4
S2, T10N, R3W
Gilbertown Field
Choctaw County, Alabama

"The Board reserves the right to prorate in the
event the above petition is granted and this
well becomes a producer."

Is there anyone here representing the petitioner, Anderson Oil Exploration Company?

MR. ANDERSON: I am, sir.

CHMN. HANBY: Will you come up? State your name for the record and your position with the petitioner-company.

MR. ANDERSON: My name is Arden Anderson. I'm the owner.

CHMN. HANBY: All right, Mr. Anderson. Do you want to testify?

MR. ANDERSON: Yes sir.

CHMN. HANBY: Do you have any other witnesses to testify?

MR. ANDERSON: No sir.

CHMN. HANBY: Is there anyone present who wishes to testify for or against this petition?

(No response)

CHMN. HANBY: Let the record show that no one else appeared. Raise your right hand, please.

(Witness was then duly sworn)

CHMN. HANBY: Let the record show that the witness was sworn in by the Chairman. Will you have a seat, Mr. Anderson. You may begin your testimony.

MR. ANDERSON: I have here a map and a portion of an electrical log of the Unit 2-2 that I would like to enter into evidence. I have several copies here I'd like to pass around.

CHMN. HANBY: All right, now, do you want it marked for identification?

MR. ANDERSON: (Nodded affirmatively)

(Mr. Anderson furnished Board Members and Staff with copies of the Exhibit)

MR. ANDERSON: I just received the survey plat. I'm sure the Board would like to have that.

MR. WHITE: Yes.

CHMN. HANBY: Do you want to have that offered into evidence?

MR. WHITE: It's part of the permit.

CHMN. HANBY: It is part of the permit? Well, it's already in the record.

MR. WHITE: We got your address messed up. You must have moved a couple of times?

MR. ANDERSON: No, I haven't moved, but a lot of things that were supposed to come in the mail came to Harry's address, including your

proposed agenda.

CHMN. HANBY: I would suggest you straighten that out while you're here today.

MR. LaMOREAUX: Do you have everything you need in order to prepare the affidavit?

MR. HARRIS: Mr. Chairman, I might add that the bond has been straightened out. The bond that's been posted in their name is now in the name of Mr. Anderson solely.

MR. ANDERSON: Looking at the map just Southeast of the proposed location No. 1, which is in the Northeast of the Northeast of Section 2, you see the Magnolia Chestnut Rudder No. 2. Now, that well has been abandoned, and to the West you'll see Magnolia Chestnut Rudder No. 1, which has also been abandoned, and in January of this year, I completed the Unit 2-2 and I attempted a completion, if you'll look at the electrical log at this point, attempted a completion in the "F" sand (phon.), and apparently I had a good cement job, but apparently the sand was so depleted at that point that it just wouldn't produce, and it came up the hole and shot the "E" sand (phon.) and made a pretty good well out of it.

CHMN. HANBY: How much production did it give?

MR. ANDERSON: It's making 30 barrels a day, and so this 40, the Northeast of the Northeast of Section 2, is part of the Mobil farm-out that I have a drilling obligation on. The location I have here is an attempt to try once again to get some oil out of the "F" sand, and hoping that by hugging the fault, as I have shown on the map, I might get a

little oil above water, undrained oil, undrained reservoir, and in the event the "F" sand doesn't work out, well, I can have the "E" sand to fall back on, which I think probably will be developed in this location because it's right on the strike under Unit 2-2.

CHMN. HANBY: What is the thickness of you say the "E" sand, or did you say?

MR. ANDERSON: It's approximately 6 or 7 feet thick.

CHMN. HANBY: And what do you anticipate the thickness of the "F" sand is?

MR. ANDERSON: Well, on the Unit 2-2 it appears to be about 15 feet thick, and I have the oil-water contact marked on there which is right underneath the top of the sand, and I just wasn't able to successfully complete the well. I feel like if I'd put larger tubing in the well, gotten real rough with it, I might have made about 15 barrels a day, but I think in this other location, I might have another shot at the "F" sand and the oil in that location, of course, is all that... no one else will ever recover unless this well did. So according to that, I request a permit in that location.

MR. WHITE: How much structural advantage do you hope to gain in the "F" sand?

MR. ANDERSON: Gene, according to this map, it would be little or no structural advantage. I'm assuming that the Chestnut Rudder No. 1 and Chestnut Rudder No. 2 pretty much drained all the oil in the East-West direction. If you drew a line between the Chestnut Rudder 1 and 2

and take everything South of there, I believe that most of the oil came from South and I'm just hoping that I might gain a little structural advantage here and that perhaps the Magnolia Chestnut Rudder No. 2 got most of its drainage from the South rather than the North.

MR. HARRIS: Mr. Anderson, the Chestnut Rudder No. 1 and 2, have they been plugged?

MR. ANDERSON: No sir. I believe Mobil Oil Company has requested the Board to allow them to use them as a salt water disposal well.

MR. WHITE: The Chestnut Rudder No. 2 petition was presented in Mobile by Mobil. They haven't done anything.

MR. HARRIS: How about your No. 2 there?

MR. ANDERSON: Unit 2-2? That's producing well, now -- 30 barrels a day.

MR. HARRIS: Thank you.

CHMN. HANBY: What about the lease situation in this area? What leases do you hold adjacent... on adjacent 40's?

MR. ANDERSON: I own only the 40 to the West where the Unit 2-2 is, and that's the 40 that the proposed location is close to. Magnolia owns the two 40's to the South, and the East off-set, I don't really know who owns it.

CHMN. HANBY: Let's see, the East...

MR. ANDERSON: That would be the 40 North of that Walker 1-5.

MR. LaMOREAUX: Could I see a copy of your plat map, I mean your well plat?

MR. ANDERSON: Oh, yes.

MR. LaMOREAUX: That might help the Chairman visualize that.

CHMN. HANBY: All right, now, you say you have leases where?

MR. ANDERSON: I have this 40 and this 40 (indicating).

CHMN. HANBY: Well, name them so the record can show...

MR. ANDERSON: I have the Northwest of the Northeast and the Northeast of the Northeast, Section 2, Township 10 North, Range 3 West.

CHMN. HANBY: All right. Now, what about the South?

MR. ANDERSON: These two 40's belong to Mobil Oil Company.

CHMN. HANBY: The two 40's South of the proposed location?

MR. ANDERSON: Which company farmed out these two locations to me.

CHMN. HANBY: Do you know of your own knowledge that they do know that you are attempting to get a permit to drill this off-center location?

MR. ANDERSON: Yes sir.

CHMN. HANBY: Now, what about the North, you say?

MR. ANDERSON: To the North, well, the 40 to the North wouldn't be of any consequence because it's across the fault and down-thrown. I don't believe it would ever produce in the Eutaw sand.

CHMN. HANBY: Do you know who has those 40's?

MR. ANDERSON: No sir, I don't. I just noticed you've got Choctaw County, Mississippi there.

MR. LaMOREAUX: What did you say?

MR. ANDERSON: I just noticed you've got Choctaw County, Mississippi

on the plat.

CHMN. HANBY: Have you had it introduced? Do you want to offer that in evidence? Have you had it introduced?

MR. LaMOREAUX: You'd better correct that. The people in Alabama might resent them giving Choctaw County to Mississippi.

CHMN. HANBY: Mr. Anderson, was this Exhibit marked No. 1 prepared by you?

MR. ANDERSON: Yes sir.

CHMN. HANBY: It was prepared by you?

MR. ANDERSON: Yes sir.

CHMN. HANBY: Do you want to introduce this Exhibit No. 2? Correct that, Choctaw County. Was this either prepared by you or under your direction?

MR. ANDERSON: Under my direction.

MR. HARRIS: Is this Exhibit No. 2? You want this marked Exhibit No. 2?

MR. ANDERSON: Yes.

CHMN. HANBY: If there are no objections, we will receive Exhibits Nos. 1 and 2 in evidence. Any other questions?

MR. LaMOREAUX: No questions at this time.

CHMN. HANBY: Does the staff have any recommendation at this time?

MR. LaMOREAUX: Mr. Chairman, I believe we will recommend approval of this contingent upon successful execution of the affidavit of ownership.

CHMN. HANBY: Well, we will take this up. Do you have anything further?

MR. ANDERSON: No sir.

CHMN. HANBY: We'll take this matter up later on in the day and advise you of our decision.

MR. ANDERSON: All right, sir.

CHMN. HANBY: Now, gentlemen, the next item on the agenda is the:

"Petition by Anderson Oil Exploration Company to
drill a well at the following off-center location:

"Unit 1-15
330' SNL & 330' WEL
SW/4 of the SE/4
S1, T10N, R3W
Gilbertown Field
Choctaw County, Alabama

"The Board reserves the right to prorate in the
event the above petition is granted and this
well becomes a producer."

Is there anyone here representing the petitioner?

MR. ANDERSON: I am, sir.

CHMN. HANBY: Will you state your name and position with the
petitioner?

MR. ANDERSON: My name is Arden A. Anderson. I'm the owner.

CHMN. HANBY: Do you wish to testify in this petition?

MR. ANDERSON: Yes sir.

CHMN. HANBY: Is there anyone else here that wishes to testify in
your behalf?

MR. OGLESBY: I'd like to testify in Arden's behalf.

CHMN. HANBY: All right. If you'll come forward, please, sir, and state your name and address for the record, please.

MR. OGLESBY: Marshall Oglesby, Gilbertown, Alabama.

CHMN. HANBY: Is there anyone present who wishes to testify either for or against this petition?

(No response)

CHMN. HANBY: Let the record show that no one is here other than these two witnesses to testify. Raise your right hand, please.

(Witnesses were then duly sworn)

CHMN. HANBY: Let the record show that the witnesses were sworn in by the Chairman. All right, Mr. Anderson, y'all may be seated and you may begin your testimony.

MR. ANDERSON: All I have here is another map identical to the last exhibit, which y'all can use for reference.

CHMN. HANBY: Well, these are two complete and separate cases, so you'll need to introduce this.

MR. ANDERSON: I'll need to introduce this into evidence?

CHMN. HANBY: Yes.

MR. ANDERSON: This is proposed location No. 2.

CHMN. HANBY: Let's let one be marked at this point.

MR. HARRIS: Is this the only one you want to introduce?

MR. ANDERSON: Yes.

MR. HARRIS: This is exactly the same as the other?

MR. ANDERSON: Yes.

MR. HARRIS: Give me that one back. Let him use that as a reference as Exhibit 1 while I'm marking this one.

CHMN. HANBY: All right. Go ahead.

MR. ANDERSON: On the map, in the Southwest Quarter of the Southeast Quarter...

CHMN. HANBY: Explain it, if you will, before you start, now. Describe the exhibit for the record so we'll know... the record will show what you're testifying upon.

MR. ANDERSON: I have a map here of the East Gilbertown Field, contoured on the top of the Eutaw formation, showing the proposed location of the petition, and the proposed location is marked on the map as "Proposed Location No. 2," and its location is in the Southwest Quarter of the Southeast Quarter, Section 1, Township 10 North, Range 3 West.

CHMN. HANBY: Now, this was prepared by you or under your direction, is that correct?

MR. ANDERSON: Yes sir.

CHMN. HANBY: Go ahead.

MR. ANDERSON: This well is merely a fill-in well in an area that's surrounded by production, and the reason for the off-center location, the reasons are, if the well was located in the center of the 40, the well would be right on top of the fault, which I have drawn across the map there in an East-West direction right through the center of the 40. So with that in mind, it was a question of whether to put the well in the center in an East-West direction or put it in the Western part of the 40

or the Eastern part of the 40, and because of the... I've had a lot of problems with the No. 2 C. F. Stewart well, gypsum and calcium carbonate corrosion, that I haven't had in any of the Clark wells, which are located North, Northeast and East of the proposed location. I felt that it would be... that a better well could be made at this location than anywhere else on the 40, and Mr. Oglesby has given me a 30-acre farm-out in this 40 on leases that he's had for sometime, over a year, and I feel like it will be protecting his rights and the rights of the landowners in that particular 40 to drill a well at this time, inasmuch as the wells on five sides, direct diagonal off-sets, are now draining this 40.

CHMN. HANBY: What about the acreage to the South? Who are the owners of that?

MR. ANDERSON: I don't know, sir. Well, the situation is that the acreage to the South is pretty much condemned because it's on the wild side of the fault. Because of that, personally, I've had no interest in the acreage. I feel sure that the acreage to the South could not produce in the Eutaw sand.

MR. LaMOREAUX: Who's the other owner of this?

MR. ANDERSON: Hefferman... well, there are actually three owners, Hefferman, Stewart and Clark, and Hefferman's lease constitutes 30 acres. I really can't think of a whole lot more to say about this location except if it was in the center of the 40, it probably would be a dry hole, and the reason as to the Eastern part of the 40 is to get in an area where the gypsum and corrosion problems aren't as bad as they are

to the West, even though the well in this location is lower structurally than it would be in the Western part of the 40. I know from experience any well that got real close to that Stewart well would be subject to being a poor producer.

CHMN. HANBY: What is the production out of the Stewart well, now?

MR. ANDERSON: Out of the C. F. Stewart No. 2, it's making about 5 barrels per day.

CHMN. HANBY: What is the production out of the M. Clark 2?

MR. ANDERSON: The Mattie Clark 1 is making 18 barrels. The Mattie Clark 2 is making 22 to 24, 23 to 24 barrels. The Mattie Clark No. 3 is making 23 to 24 barrels, and the Stewart 1 is also a poor well. It's only making about 9 barrels per day. It has a similar problem as the Stewart 2. As a matter of fact, unless the Stewart 1 and 2 wells can be... something can be done from an engineering standpoint, I'm thinking seriously of abandoning both of them.

CHMN. HANBY: How long have they been in production?

MR. ANDERSON: Approximately 15 to 18 months.

MR. WHITE: Mr. Arden, Mr. LaMoreaux and I were just discussing the 40 directly to the East of the Mattie Clark No. 2 and it looks like the contours indicate the Southwestern part of that part of the 40 and North of the fault would fall in the same contour as your Mattie Clark No. 3. Do you have any idea whether or not this would have potential?

MR. ANDERSON: Yes, I feel as though it does, and that's part of the overall Clark lease, that particular 40.

MR. WHITE: Do you have that 40?

MR. ANDERSON: Yes. That was part of the original lease, as is also the 40 directly North of the Mattie Clark 3. I have nothing further to say on the petition.

CHMN. HANBY: Anymore questions of Mr. Anderson?

MR. WHITE: No sir.

MR. LaMOREAUX: No sir.

CHMN. HANBY: All right, Mr. Oglesby.

MR. OGLESBY: My only interest is I own three-quarters of the lease there and we'd like to see it drilled. Going on further... that's in Section 1, isn't it?

MR. ANDERSON: Yes.

MR. OGLESBY: Going further over, we've leased lands in 2, 5, 6 and 7, and in the land there's the prospect there, which is under lease by me, show some potential, and if we can keep drilling down there, we may come up with something even better, but it just takes wells to find out.

CHMN. HANBY: What is the proposed depth?

MR. ANDERSON: About 3400 feet on both of them.

CHMN. HANBY: That's about the same as these other wells — it's a little lower, isn't it?

MR. ANDERSON: Let me see. The log we have here went down to about 3402, and the rest of them were drilled to roughly 3400, depending on the elevation.

MR. WHITE: These are sub-sea, I think, Mr. Hanby. Is that right,

Mr. Anderson?

MR. ANDERSON: That's correct.

CHMN. HANBY: Are there any other questions?

(No response)

CHMN. HANBY: Does the staff have any recommendation?

MR. LAMOREAUX: We have no questions, no further questions. We would recommend positive action on the request contingent again on the affidavit.

CHMN. HANBY: All right. You understand that?

MR. ANDERSON: Yes sir.

CHMN. HANBY: All right. We'll take this up later on in the day and advise you of our decision. Mr. Anderson, you had just one exhibit, right?

MR. ANDERSON: Yes.

CHMN. HANBY: The exhibit will be received in evidence, if there are no objections. Now, was this prepared under your direction, Mr. Anderson?

MR. ANDERSON: Under my direction.

CHMN. HANBY: Are there any objections to receiving it in evidence?

(No response)

CHMN. HANBY: If not, it will be received in evidence. Explain exactly what Exhibit No. 3 shows.

MR. ANDERSON: It consists of a plat showing the distance from the edge of the particular 40 where the well is located and it shows on the

plat the well is located 330 feet from the East line and 330 feet from the South line, Southwest Quarter of the Southeast Quarter of Section 1, In addition it shows the location of Mattie Clark No. 2 and No. 3.

CHMN. HANBY: Are there any further questions?

(No response)

CHMN. HANBY: If there are no objections, it will be received in evidence as Petitioner's Exhibit No. 2... No. 3. All right, gentlemen, I believe that completes the agenda for today for our regular agenda.

MR. LaMOREAUX: The minutes haven't been quite completed from the last meeting and there is no old business, unless there is...

CHMN. HANBY: Is there anyone in the audience that has anything they would like at this time to bring before the Board?

MR. OGLESBY: Yes sir, I have. I have a location...

CHMN. HANBY: All right, let the record please show who is here now on this matter. State your name and address.

MR. OGLESBY: Marshall Oglesby, Gilberttown, Alabama.

MR. GREEN: John Green, Gilberttown, Alabama.

CHMN. HANBY: All right, you gentlemen have a seat here and tell us now what you wish to bring before the Board.

MR. OGLESBY: We have a... we're asking for an off-center permit known as the John Green No. 1-Marshall Oglesby, located 660 feet East and 250 feet North of the Southwest Corner, Quarter-Quarter Section, Southeast-Northwest, Section 31, Township 11 North, Range 4 West, Choctaw County, Alabama. I would like to have it... I don't know

whether it should be marked as an exhibit or not. In the application itself, the plat prepared by Mr. Guy Walker and structural map prepared by Mr. Don Moore, and I'd like to submit all of those as exhibits, and I have extra copies here to be used by...

CHMN. HANBY: Well, let me see, now, let me get it straight. Has there been an application yet?

MR. WHITE: No sir.

MR. LAMOREAUX: This is the first time.

MR. HARRIS: Is this for an emergency?

MR. OGLESBY: Yes.

CHMN. HANBY: Has the staff had an opportunity to look into it at all?

MR. WHITE: We haven't seen it. I could look it over, if you'd like.

(At this point in the proceedings, there was an off-the-record discussion between Board Members and Staff)

CHMN. HANBY: Mr. Oglesby, I believe the proper procedure at this time would be for the staff to take what you have here and look it over so they'll be in a position to report to the Board. Later on in the day, we will look into it a little further and see what we can do.

MR. LAMOREAUX: Mr. Oglesby, is there anything with relation to a lease running out or why is this coming at this time as an emergency so that the staff didn't have time to review it?

MR. OGLESBY: We have other drilling commitments we need to get

on. Mr. Green, the royalty owner or landowner, might explain that he is very anxious to have the well drilled.

MR. LAMOREAUX: Well, of course, we're very anxious to have you drill the well.

MR. OGLESBY: It's no great problem if we can keep Mr. Green happy, but we would like to...

MR. LAMOREAUX: But the normal procedure, Mr. Green, is to file these with the staff so that the staff may review the petition, study the structure map that is proposed here, see that all the forms have been completed right, and be in a position so that we can answer to the Board in any way on the proposal. Unfortunately, the staff hasn't seen the proposal yet. I'm sure that if it's in good order, the Board would consider it in a most favorable light, because they want to see every well drilled down there that they can possibly have drilled, but they do need to have this at least reviewed to find out just exactly what's in the permit. It's like writing a blank check and not knowing whether there is a balance in the bank. So we need to know, to check this, these forms over carefully. Do you suggest that this be...

CHMN. HANBY: Yes, I think the thing to do is have Mr. Oglesby turn these over to the staff and they can go into it and we'll go from there.

MR. HARRIS: Is this an off-center location?

CHMN. HANBY: We'll help you every way we can.

MR. GREEN: I'd like to see it go down.

CHMN. HANBY: We're very anxious, as Mr. LaMoreaux said, to get

everything drilled that we can, but we do have to check it very thoroughly.

MR. GREEN: Oh, yes, I understand that thoroughly.

MR. OGLESBY: We have two other permits, or I have, pertaining to the... should I leave them at this time?

CHMN. HANBY: Yes, just leave those also with the staff.

MR. LaMOREAUX: Generally, these will come in in a matter of days before the Board meeting and the staff can make all the routine checks.

MR. GREEN: I'm sorry. I called and talked to Mr. White in regard to it, and then I think I got a call this morning. We were asking for an emergency permit until we had an opportunity to...

MR. LaMOREAUX: Even on an emergency, we need time. They can study these today and get them back in.

MR. OGLESBY: Would you like for me to go briefly into the ownership of these or...

CHMN. HANBY: I think you might as well just wait, because we'll have to check into it. All right, gentlemen, have you got something else?

MR. OGLESBY: I would like to talk to the Board. Could I possibly do it in the executive meeting?

CHMN. HANBY: What does the Board want to do?

MR. BRITTON: I'd just as soon talk about it one time as another.

CHMN. HANBY: Well, we can go into it now.

MR. OGLESBY: Gentlemen, because of lease obligations and other

obligations, plugging wells, we thought it could be worked out some way, and I felt that I had to drill this Erickson-Oglesby Land A-1, located 230 feet North and 330 feet West of the Southeast Corner, Southwest-Northwest, Section 36, Township 11 North, Range 5 West. At the time I drilled it, I was hoping any day we'd get a permit. I'm very sorry that we went on with that. Some of the steps that I have taken to correct it, we have gone back in and drilled what plugs we had, out. Mr. Pete Herbert was present at the time. I would like to keep these. Well, I have extra copies of it. These are invoices from Haliburton Company where those wells were plugged, showing the depth that they were plugged, the amount of cement and various other technical things you might need to know. This is the Jackson-Doggett. Do you want a copy of this?

MR. WHITE: We have it.

CHMN. HANBY: We have copies, I think. I don't believe it will be necessary for you to... unless you want to introduce them into evidence for the record.

MR. OGLESBY: I believe you say you have all of it?

MR. WHITE: Yes sir.

MR. OGLESBY: The Jackson-Doggett, the Utsey well, the two Land wells; there was a 100-foot plug put in this well 20 feet from the top.

CHMN. HANBY: That's the A-1 you're talking about?

MR. OGLESBY: Yes sir. I believe you already have the application. I have checked those things and we did, I think, have, as Mr. Herbert will testify, have some cement in these wells that was drilled out.

Anyway, I'm very sorry and regret that I did go ahead with this thing. We did very badly need a permit on this well. We tested, we think we have Chalk production, but we're not sure. We have the fracture but we didn't get the oil in the pits. It's very important from that standpoint as to whether or not we could be able to do anymore drilling out there. By virtue of it being only 100 feet from the old well, we drilled it there to pick up these Chalk fractures, which we did; we will definitely make a Eutaw well, probably 15 or 20 barrels. The sand tested good, it looks good, but we need the permit to go ahead and evaluate acreage that we have out there from Placid Oil Company. Those men were supposed to have been here today, but they were delayed, to testify in my behalf. They have acreage around it. They're very anxious for us to.... I'd like to plead with the Board to let us have a permit, and give you my utmost assurance we will comply in every respect with every regulation or ruling that you might have. We want to do it. Of course, I very well realize we're going to have to do it.

CHMN. HANBY: Do the Board Members have any questions?

MR. BRITTON: No.

MR. GLAZE: No.

CHMN. HANBY: Do you have your application in on that one?

MR. OGLESBY: Yes sir.

CHMN. HANBY: Mr. Oglesby, I'm just going to say this, and I speak as Chairman of the Board, and I don't know, we will discuss it later on, but I do want to say that we were very much disturbed at the manner of

your actions when you drilled this well without a permit and also your failure to plug these other four wells, even though there was testimony before this Board that they had been properly plugged. The Board does not intend, as we have told you, to stand by and allow anything like that to happen again. Of course, we want to cooperate with everyone and are going to do it, but we certainly demand respect of the rules and orders of this Board, and I can say this, I think without contradiction, that anyone that's going to remain in the oil business in Alabama is going to have to abide by our rules and regulations. We don't intend to be hard about the thing, but still we intend to be firm. We're all prepared, I think, to carry out the rules and regulations of the Board. I don't think there's any question about it. So I won't say anything more about that, and I'm sure the Board will discuss the matter later.

MR. OGLESBY: Well, I was hoping and thinking at the time that with what was said in Mobile, we would get the permit in short order, but I assure you, as I say, that anything of this nature won't happen on my part anymore.

CHMN. HANBY: Well, we will discuss the matter. Does anyone have anything else?

(No response)

MR. OGLESBY: Gene, would you like to have a copy of these logs?
I don't think you do.

MR. WHITE: Yes, we do, I think.

CHMN. HANBY: We have nothing further on the agenda. We'll take

about a ten-minute recess and come back into executive session.

(At 11:05 A.M., 21 May 1965, the Board recessed the regular session to go into executive session.)

At 11:45 A.M., 21 May 1965, the Board reconvened the hearing in regular session.)

MR. LaMOREAUX: On the petition of Pan American Petroleum Corporation to recomplete a well at the following off-center location, this petition is totally in order and the staff would recommend ^{it} to the Board for positive action.

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CHMN. HANBY: All right, gentlemen. We have heard the testimony on the petition of the Pan American Petroleum Corporation to recomplete a well at the off-center location shown as Item 1 on the agenda. You've heard the recommendation of the staff. What is the pleasure of the Board?

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

MR. BRITTON: I second it.

CHMN. HANBY: It's moved and seconded that the petition be granted. Those in favor, let it be known by saying "aye" — opposed, "no."

(All Board Members voted "aye")

CHMN. HANBY: The "ayes" have it. The petition is granted. Now, on the second item on the agenda, the petition by the Anderson Oil Exploration Company to drill an off-center location...

MR. LaMOREAUX: We've already given you our recommendation, contingent on the execution of the affidavit of ownership by Arden Anderson.

CHMN. HANBY: All right, gentlemen. We've heard the recommendation of the staff. What is the pleasure of the Board?

MR. BRITTON: Well, do you want to go ahead and vote on this thing contingent on the papers being in order?

CHMN. HANBY: I'd make it that way, yes.

MR. LaMOREAUX: In other words, you won't grant it unless they do complete it.

MR. HARRIS: Contingent on it.

MR. BRITTON: You think it'd be all right to go ahead with it?

MR. LaMOREAUX: Oh, I'm sure this is a matter of Arden Anderson meeting with Gus Harris and negotiating the affidavit and notarizing it. It's a matter of a little work right here -- routine.

MR. BRITTON: I make a motion that we grant Item No. 2 on the agenda contingent on that condition.

CHMN. HANBY: I'll second that motion. All in favor, let it be known by saying "aye" -- opposed, "no."

(All Board Members voted "aye")

CHMN. HANBY: The "ayes" have it. The petition is granted subject to that contingency. The item listed as Item No. 3 on the agenda, petition by the Anderson Oil Exploration Company to drill an off-center location, what is the recommendation of the staff?

MR. LaMOREAUX: Item No. 3, petition by Anderson Oil Exploration Company, is recommended to the Board for positive action, but also contingent upon execution of the affidavit of ownership.

CHMN. HANBY: All right, gentlemen. We've heard the recommendation of the staff. What's the pleasure of the Board?

MR. GLAZE: I move that the petition be granted on the condition that proof of ownership be furnished.

MR. BRITTON: I second it.

CHMN. HANBY: It's been moved and seconded that the petition be granted subject to the condition that proof of ownership be furnished. Those in favor, let it be known by saying "aye" -- opposed, "no."

(All Board Members voted "aye")

CHMN. HANBY: The "ayes" have it. The petition is granted. Now, is there anything...

MR. LaMOREAUX: Yes. These other petitions that were presented here by Mr. Oglesby on emergency permits. One of them concerned the Land A-1, which was in order at the time the Board met at Mobile except for...

MR. WHITE: It's an off-center thing, now. It wouldn't be an emergency if you did the Land A-1.

MR. LaMOREAUX: Yes, but all the papers were in order at the time of the Mobile meeting except for the bond, ^{wasn't} ~~was~~ it?

MR. HARRIS: No, the plugging, contingent on plugging of the wells.

MR. LaMOREAUX: That's right. Contingent on the plugging of the wells, these five wells. I don't know that you want to go ahead with it or do you want to delay it? What it means is that he's going to have to go in now and drill out the cement plug or drill a well adjacent to

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the existing Land A-1 at the same locality, but what he is proposing here is that the wells are plugged and everything is in order, including the permit, that he ^{now} be granted a permit to drill and attempt to produce a well at the Land A-1 location, and as I understand it from the staff, all papers are in order on this. Now it's up to you. As far as the technical aspects of this, he has met what you placed as a contingency, and everything is in order to granting the permit, if you want to.

CHMN. HANBY: Did we at the Mobile meeting on that occasion authorize the drilling of the well subject to the...

MR. LaMOREAUX: No, you wouldn't hear anything on it until the wells were plugged.

CHMN. HANBY: All right.

MR. LaMOREAUX: And that's where you stand right now.

CHMN. HANBY: Yes.

MR. LaMOREAUX: But as far as his papers are concerned, as far as the technical aspects of this are concerned, as far as the justifications are concerned, structural location, everything is in order. Now it rests with the Board to make the decision. He's got to... he's going to have to, if he drills the Land A-1 now, drill out the concrete.

MR. GLAZE: How much concrete is in there?

MR. LaMOREAUX: It's 100 feet on the bottom.

MR. WHITE: 20 feet at the top.

MR. LaMOREAUX: Under the supervision of our field agent.

MR. GLAZE: How much money are you talking about if he drills that?

MR. LaMOREAUX: If he drills it?

MR. GLAZE: Through this concrete.

MR. LaMOREAUX: Whatever it takes to drill through the concrete.

MR. GLAZE: Well, I mean, just roughly -- Pete?

MR. HERBERT: It's hard to say, Mr. Glaze. He might run in and out of his casing. He might be able to drill it out within, well, I'd say 36 hours.

MR. LaMOREAUX: It all depends on...

MR. WHITE: If he decides to make a new hole, he'll have to get out of it and start another one and he's liable to get out of his casing.

MR. LaMOREAUX: If a section of that hardens up more than another, he might drill right out of the casing. There's no way to tell, other than the well is plugged and plugged solid.

MR. BRITTON: What's your idea about it, E. K., about a man producing from that well?

CHMN. HANBY: Well, as I gather, there's a petition before the Board which is subject to action on it. It's not on the agenda today. This is the old petition, isn't it?

MR. WHITE: Yes.

MR. LaMOREAUX: Was this advertised?

MR. HARRIS: There's a provision for a 15-day emergency.

MR. LaMOREAUX: Is this an emergency? Now it's reintroduced now to you.

CHMN. HANBY: Did he reintroduce it here this morning?

MR. WHITE: No sir. I've had it in my files since the Mobile meeting.

MR. LaMOREAUX: See, he justified it to you at the Mobile meeting.

MR. HARRIS: Is this an emergency?

MR. WHITE: Yes sir. It's off-center. It has not been advertised.

MR. LaMOREAUX: The wells had not been plugged, so therefore it just went back.

(At this point in the proceedings, there was an off-the-record discussion between Board Members and Staff)

MR. LaMOREAUX: All right. In other words, what you're recommending is...

CHMN. HANBY: The Board would prefer that it go ahead and be advertised and heard at the next meeting, is that right?

MR. GLAZE: That's right.

MR. LaMOREAUX: Instructions are to Gene to advertise it for the next meeting and hear it.

CHMN. HANBY: All right.

MR. LaMOREAUX: The next thing we have before us is this thing between Mr. Green and Mr. Oglesby before you in emergency, for an emergency permit to drill... what's the name of that?

MR. WHITE: John Green No. 1 and Boney No...

MR. LaMOREAUX: Just the one for Mr. Green, John Green No. 1, in which the landowner appeared before you with Mr. Oglesby.

CHMN. HANBY: Let me ask at this point, how many did he leave with you?

MR. LaMOREAUX: Three.

CHDM. HANEY: What are the other two?

MR. TUCKER: Boney A-3 and the Boney-Scruggs.

MR. WHITE: I told him when he called me about these to please submit them so we could have a chance to look them over, and I also told him to please let me have them in time to get them on the agenda. They are not on the agenda, and I held that thing up until late yesterday afternoon, and the agenda was run. This is the first time we've seen them. We don't know anything about them.

MR. LaMOREAUX: Could I ask if everything is in order on these permits?

MR. TUCKER: The John Green well is going to be drilled on the unit. that has an abandoned well on it, and then the other two will be drilled on units that have producing wells on them.

MR. LaMOREAUX: Does the John Green well have to be contingent on the plugging of the abandoned well?

MR. TUCKER: I think we should check and make sure that well was plugged right.

MR. WHITE: I suggest treating these just like we treated the A-1. I suggest we advertise them. We don't know anything about them. Nobody has been on the ground to look at them or anything.

MR. GLAZE: I'd be in favor of that.

MR. LaMOREAUX: Well, this is not a matter for action of the Board anyhow. It's an emergency. You can handle those... you can close this

meeting now.

CHMN. HANBY: Yes. If you determine to ask for an emergency, you could send it around, as far as that part is concerned.

MR. LaMOREAUX: So there's not a thing more that has to go on the record.

MR. WHITE: What do you want to do with these, readvertise these for the next meeting?

CHMN. HANBY: Is that the feeling of the Board?

MR. GLAZE: That's my feeling.

MR. BRITTON: Yes.

CHMN. HANBY: Is there anything else that should come up?

MR. LaMOREAUX: There is in executive session.

CHMN. HANBY: I mean, though, in the regular minutes.

MR. HARRIS: I would suggest, since Mr. Morris and Mr. Anderson are probably waiting here to see the decision, that they should be notified of the decision of the Board so they can go.

CHMN. HANBY: All right, do I hear a motion that this meeting be adjourned?

MR. GLAZE: I move that the meeting be adjourned.

MR. BRITTON: I second it.

CHMN. HANBY: It's moved and seconded that the meeting be adjourned. All in favor, let it be known by saying "aye" — opposed, "no."

(All Board Members voted "aye")

CHMN. HANBY: The "ayes" have it. The meeting is adjourned.

(Whereupon, at 12:00 Noon, 21 May 1965, the Board
adjourned the regular session of the hearing.)

* * *

I HEREBY CERTIFY that the foregoing transcript is a true and accurate account of the proceedings before the Regular Session of the State Oil & Gas Board of Alabama on 21 May 1965 in Tuscaloosa, Alabama, to the best of my knowledge and belief.

Lou M. Chambers
LOU M. CHAMBERS
Hearings Reporter