

STATE OIL AND GAS BOARD
UNIVERSITY, ALABAMA

Testimony and proceedings before the State Oil and Gas Board, at its regular monthly meeting on June 18, 1965, commencing at 10:00 A.M., in the Board Room of the State Oil and Gas Board Building, University Campus, Tuscaloosa, Alabama, and the following proceedings were had, to-wit:

Before:

E. K. Hanby, Jr., Chairman
H. L. Britton, Associate Member
P. E. LaMoreaux, Secretary
H. G. White, Chief Engineer
W. E. Tucker, Field Agent
Boyd L. Bailey, District Geologist
E. C. Herbert, Oil and Gas Board,
Double Springs, Alabama
Donald B. Moore, Geological Survey

Appearances:

E. D. Minihan, Appearing for Placid Oil,
Jackson, Mississippi
Thomas A. Collins, Appearing for Placid Oil,
Jackson, Mississippi
Marshall Oglesby, Gilbertown, Alabama,
Appearing for Self

PROCEEDINGS

CHAIRMAN HANBY: Gentlemen, let's all stand for a word of prayer.

Gracious God, we thank thee for the privilege of serving in the capacity as we are today. We pray, dear God, that we shall bear in mind that thou hast given to us this land and the wonderful blessings that we have in this land, and direct us in the conservation of this great gift which thou hast given to us. May we use it well. Direct us in the proceedings we are now undertaking here today, and direct us in all other things, we pray in Christ's name. Amen.

I will ask if this meeting has been legally published.

MR. LaMOREAUX: Mr. Chairman, the meeting has been properly advertised and we can proceed with the business before the Oil and Gas Board.

CHAIRMAN HANBY: All right. Now gentlemen, we have very few here. I would like for you to stand and identify yourselves, if you will, at this time.

MR. COLLINS: I am Bob Collins with Placid Oil Company.

MR. MINIHAN: Edward Minihan with Placid Oil Company.

MR. OGLESBY: Marshall Oglesby, Gilbertown.

CHAIRMAN HANBY: Thank you, gentlemen. We will go right into our agenda. The first matter on the agenda this morning is the petition by Placid Oil Company for approval to drill a well at the following off-center

location:

Charles M. Land, et al, #36-8
330 feet NSL and 330 feet EWL of
Southeast Quarter of Northeast Quarter
Section 36, Township 11 North, Range 5 West,
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. Who is here representing the petitioner?

MR. MINIHAN: We are, Mr. Chairman.

CHAIRMAN HANBY: For the benefit of the record, you give
your position with the petitioner.

MR. MINIHAN: Geologist, and Thomas Collins, land man.

CHAIRMAN HANBY: Now do each of you wish to testify in
this matter?

MR. COLLINS: Yes sir.

CHAIRMAN HANBY: Does any one else here wish to testify
on this petition, for or against? Let the record show
no one else appeared.

(Witnesses sworn)

CHAIRMAN HANBY: Let the record show that the witnesses
were sworn in by the Chairman of the Board, and you all
may proceed.

MR. COLLINS: Here is our Exhibit A, which is a copy of
our land holding in this area.

CHAIRMAN HANBY: How many exhibits do you have, or plan

to introduce?

MR. COLLINS: We have two exhibits, Exhibit A and Exhibit B.

CHAIRMAN HANBY: I see. Let this be marked as Exhibit A and for the purposes of the record will you identify that at this time, please, Mr. Collins?

(Document above referred to was marked
Petitioner's Exhibit A, Witness Collins,
for identification, and is attached
hereto)

MR. COLLINS: This Exhibit A shows our leasehold ownership in the area around where we are proposing to drill our well.

CHAIRMAN HANBY: All right, Mr. Collins, you may proceed.

MR. COLLINS: You will notice from our Exhibit A here that we have colored in yellow here, all of our acreage that is under one land ownership. All of the surface is owned by one party, and also it is a common mineral ownership we have under lease in this acreage here, which includes the proposed drill site as well as the other acreage there covered in yellow.

CHAIRMAN HANBY: Now was this exhibit either prepared by you or under your direction?

MR. COLLINS: It was prepared under my direction, yes sir.

CHAIRMAN HANBY: All right, sir. Are there any questions? Does the staff wish to ask any questions?

MR. WHITE: No sir.

CHAIRMAN HANBY: Well, if there is no objection then, we will admit Exhibit A into evidence.

(The document above referred to, marked Petitioner's Exhibit A, Witness Collins, was received in evidence and is attached hereto)

CHAIRMAN HANBY: Is there any further testimony on this?

MR. COLLINS: No sir, I don't believe so. As I stated, it is just one large lease with one fee surface ownership and also the mineral ownership. We have all of the mineral ownership under lease also. Mr. Minihan will give the geological testimony on Exhibit B.

CHAIRMAN HANBY: Are you going to testify as to the reason why you want the off-center location?

MR. COLLINS: Mr. Minihan will handle that phase of it.

CHAIRMAN HANBY: I see.

MR. MINIHAN: Exhibit B is a portion of Section 36, with wells shown that are pertinent to the fault trace. The map is on one inch to a five hundred foot scale. The map shows in white down to the north, the Gilbertown fault, and the fault fracture system, immediately adjacent to it on the north.

There has been one well on that forty for the oil and gas, number one Land, which cuts the fault from seven hundred feet below the top of the chalk and made only

a very minor amount of oil. I do not have that figure available, Mr. Chairman. It was so minor that no one kept a record of it. We propose to drill our location three hundred thirty feet from the Southwest corner of the Southeast Quarter of the Northeast Quarter, in order to get a well located in the fracture system.

We feel like this location is the best for our purpose, in order to drain the oil available on this forty.

CHAIRMAN HANBY: Let me ask you at this point now, Exhibit B, which we will now have marked for identification, was prepared either by you or under your direction, is that correct?

MR. MINIHAN: I prepared it.

(The document above referred to was marked Petitioner's Exhibit B, Witness Minihan, for identification)

For the purpose of identification too, the fracture fault system is colored in green on this Exhibit B.

MR. LaMOREAUX: Mr. Minihan, do you feel like this is the optimum location in this area for the proposed well?

MR. MINIHAN: That is the optimum position for potential production, yes sir, both from a practical standpoint in location costs as well as hoping to get in the best possible position to hit this fracture system.

CHAIRMAN HANBY: Now for the purposes of the record, there is no one here objecting to this petition and there has

been no testimony as to your qualifications, your background, which we are familiar with, and I would like for the record to show at this time, unless there is objection, that we accept the qualifications of this witness as an expert.

MR. LaMOREAUX: Mr. Minihan, there are two other wells in this area, the Land Number One, and Permit 2341 here. What is the status of those wells?

MR. MINIHAN: I am sorry, I didn't get that.

MR. LaMOREAUX: Are they plugged and abandoned or what is their condition?

MR. MINIHAN: All of these wells shown on this map have been plugged and abandoned. There are no producing wells.

MR. LaMOREAUX: I understood that one of them was plugged and one of them was to be plugged, is that correct?

MR. MINIHAN: Correct.

MR. WHITE: The documents were to be executed this morning by Mr. Minihan and I believe Land Number One was ---

MR. MINIHAN: Yes, that was a dry hole and I have executed and completed the files.

MR. WHITE: So the files are in order on those wells.

MR. LaMOREAUX: Have they been transmitted? Have they been received?

MR. WHITE: They have been executed this morning in our presence, and they are here in our files.

MR. LaMOREAUX: Then both of these wells then on this same site, I mean in the same area, are plugged?

MR. WHITE: According to the documents submitted to us by Placid Oil Company, today.

CHAIRMAN HANBY: Mr. Minihan, what is the proposed depth of this well?

MR. MINIHAN: From my memory, Mr. Chairman, I believe we have proposed a thirty-nine hundred foot test. We also wish to test the ^{Lutaw} ~~Utah~~ in order not to leave any possible productive strata untested. *H.H.W.* 8-25-45

MR. WHITE: That is correct, from the application to the Board, they do propose to abandon this location.

CHAIRMAN HANBY: Any other questions?

MR. LaMOREAUX: No others, if the plugged well has been --- I mean if the abandoned well has been taken care of properly, all other forms are in order, and we would recommend granting the permit.

CHAIRMAN HANBY: You have heard the testimony and the recommendation of the staff. What is the pleasure of the Board? I make the motion we grant the petition.

MR. BRITTON: I second the motion.

CHAIRMAN HANBY: It has been moved and seconded that the petition be granted. Those in favor let it be known by saying aye.

MR. BRITTON: Aye.

CHAIRMAN HANBY: Aye.

CHAIRMAN HANBY: Opposed, no. The ayes have it, and the petition is granted.

MR. COLLINS: We thank you, Mr. Chairman.

CHAIRMAN HANBY: Yes sir. Gentlemen, the next item on the agenda, item number two, is the petition by Marshall Oglesby to make a permanent emergency order E-65-17, which granted approval to Marshall Oglesby to drill a well at the following off-center location:

Number 1 John Green

250 feet NSL and 660 feet EWL

SE/4 of NW/4

S 31, T 11 N, R 4 W,

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. Who is here now representing the petitioner?

MR. OGLESBY: I am, Marshall Oglesby.

CHAIRMAN HANBY: All right sir. Come up, Mr. Oglesby. Do you wish to be sworn? Is any one else here who wishes to be sworn in connection with this matter, either for or against this petition?

(Witness sworn)

CHAIRMAN HANBY: Let the record show that the witness was sworn in by the Chairman of the Board. All right, Mr. Oglesby, we will hear from you now.

MR. OGLESBY: The exhibits I believe were presented at the

last meeting.

MR. WHITE: Mr. Chairman, to refresh your memory on this particular one, at the May meeting an emergency order was issued covering this well, contingent on proof of plugging being furnished to the staff of the State Oil and Gas Board. Following such proof being furnished then the staff was to approve the permit and forward the order to the Board members for execution. It was quite a problem to dig up the information on the plugging, and we received proof of plugging on the twelfth day of this month, and we had a field man investigate on the ground --- I don't recall the date, but it was last Monday, the fourteenth, the well was inspected on the ground by our field agents to satisfy ourselves that the well had actually been plugged in accordance with the method as outlined in the documents we received from Placid Oil Company, so the time element being so close, instead of executing the permit we felt that we would just hold it because it would probably have crossed in the mail with the Board's arrival here, so we just held the permit and the order, and if the Board so desires, it can execute both at this time.

CHAIRMAN HANBY: When was the well plugged?

MR. WHITE: The documents submitted to us by Mr. R. L. Gray, who is District Superintendent of Placid Oil Company, even though he is here representing Reliance

Trust Company, who drilled the well at the time, these documents were executed on the ninth of June, 1965, and do not carry the date of actual plugging. The well was drilled sometime in 1944 and was also plugged shortly thereafter. We had to trace this thing down by Mr. Gray contacting a fellow named Loe, who did the plugging, who in turn had to obtain affidavits from a lumber company in Butler that they had sold Loe certain amounts of cement to be used in plugging the wells. We had to ask for these forms to be executed just recently. We don't have these forms in our files, so Mr. Gray traced this information down to the lumber company and had affidavits submitted to him that certain amounts of cement were sold --- fifty sacks of cement were sold to Mr. Loe, Loe Pipe Yard Company of Phillips, Louisiana, to be used in plugging these wells.

MR. LaMOREAUX: What was the date of that, Mr. White, the date of that sale?

MR. WHITE: I don't have that date.

MR. LaMOREAUX: You don't know when the well was plugged?

MR. WHITE: No sir, I have no idea. It was ten years prior to my employment with the Board. We have no documents as to the plugging of the well.

MR. LaMOREAUX: This is the problem we run into on many of the old files, and all you can do is try to find out the best data you can. Who was the original driller

of this well?

MR. WHITE: Reliance Trust Company out of Dallas.

MR. LAMOREAUX: Who was the driller?

MR. WHITE: I don't know.

MR. OGLESBY: If it will shed any light on it, it was Penrod Drilling Company. Reliance Trust, of course, is H. L. Hunt; is a branch of H. L. Hunt, as is Placid Oil Company.

MR. WHITE: If you would like I can read the letter that was submitted. That well was drilled in 1944.

CHAIRMAN HANBY: I believe for the matter of record, we ought to reintroduce the exhibits and the original petition. Do you have those listed there?

MR. WHITE: Yes sir.

CHAIRMAN HANBY: Mr. Oglesby has asked that this exhibit which has been marked "Exhibit A" to his testimony be accepted in evidence.

(Document above referred to, marked
Petitioner's Exhibit A, Witness Oglesby,
and received in evidence)

CHAIRMAN HANBY: Now will you explain for the record just what that Exhibit A consists of and whether or not you made it, or it was made under your direction?

MR. OGLESBY: Mr. Chairman, this map was prepared by one of the staff members, Mr. Don ^{Moore} Green, whom we put a lot of confidence in. The portion or part of the map colored

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green there is the optimum position for chalk produc-
tion. However, this test will be carried to the ^{East} ~~Utah~~
so that we might produce any production that might be
there, but at any rate primarily it is for a Selma
chalk test, and we feel that by Mr. Moore's geology,
and we followed it throughout the field on this Scruggs
A-1. Actually at that time we didn't have too much
geology, but we picked up something that looked like
it was going along pretty good, and drilled the Maggie
Utsey four, that enlightened this thing, so to speak,
and we feel that this geology is right and that we need
to be at this two hundred foot, I believe it is, or
two hundred fifty feet location from the south line,
to get into this structural position.

CHAIRMAN HANBY: If there are no objections we will receive
Exhibit A in evidence.

Is there any further question by the staff?

MR. LaMOREAUX: Could I see that Exhibit A, Mr. Oglesby?

MR. OGLESBY: Yes sir.

MR. WHITE: Mr. Oglesby, for the record, and since this
is two hundred fifty feet ^{from the} ~~one-quarter~~ quarter section
line, would you state who owns the minerals and who
the royalty owner and the lease owner is to the south
of the proposed location?

MR. OGLESBY: Mr. White, I am not positive. If I had an
ownership map --- Could I ask Mr. Collins?

MR. COLLINS: I believe Placid owns it.

MR. OGLESBY: I know they own it to the west and to the east, but I own it to the west and I believe that Placid is on the west and to the east adjacent to it, and to the west, one forty over, but I own it on the next forty to the west.

To the north I believe the Greens, I don't know whether it is leased or not, and to the south I believe it is the Greens.

MR. WHITE: You don't know who these lease owners are to the south?

MR. OGLESBY: I don't believe it is leased. Now there I am not positive. It is an area where the old Gilbertown fault runs by, approximately forty or two forty wide in through there.

CHAIRMAN HANBY: Now who is the royalty owner on this forty?

MR. OGLESBY: The Greens.

CHAIRMAN HANBY: The Greens?

MR. OGLESBY: Yes sir.

CHAIRMAN HANBY: And you said that Green owns to the south, did you say?

MR. OGLESBY: I believe they would own it to the south and to the north, and forty to the west, and to the east then would be Robert Land, and Placid would own the minerals there.

MR. COLLINS: According to the information I have, I don't have the mineral ownership under the tract here in question.

CHAIRMAN HANBY: Let me swear you in on that, Mr. Collins, if you don't mind.

MR. COLLINS: All right.

THOMAS A. COLLINS, called as a witness by and on behalf of the Petitioner, being first duly sworn, was examined and testified as follows:

Q BY CHAIRMAN HANBY: Will you, for the record, tell us the ownership you have in this?

A The maps that I have with me do not reflect the full mineral ownership in this area. However, the tract to the south, we own the south twenty acres of that lease, and to my knowledge, to the best of my knowledge without any other information with me, I think the north twenty acres is unleased.

Q Do you know who the owner is?

A No sir, I do not. I am under the impression that the eighty acres there, which includes the forty acres on which he is requesting a permit there is owned by the John Green estate, and I am not familiar with the ownership of that.

Q Yes sir.

A The tract to the east is a part of the Robert Land Estate. I have some more notes back there that I

could probably pull out and give you the full ownership, but from what I have here, and from the best of my memory, we have all the leasehold ownership under that trust under lease.

Q Placid has?

A Placid has, yes sir. I can, if you would like, pull my notes and determine that.

Q Are there any objections on the part of Placid to drilling this?

A No sir, we have no objections.

CHAIRMAN HANBY: That is all right. Thank you very much, sir. Do you have any questions, any of you?

MR. WHITE: No further questions.

CHAIRMAN HANBY: Does the staff have any recommendation?

MR. LaMOREAUX: Yes, on the basis of justification, the strategically ~~ally~~ structural control, and as their application, all forms and bonds are in order, we recommend that the Board grant this petition by Marshall Oglesby.

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CHAIRMAN HANBY: Well, we have heard the testimony presented and the recommendations of the staff. What is the pleasure of the Board?

MR. BRITTON: I make a motion we grant the petition.

CHAIRMAN HANBY: I second the motion. Those in favor let it be known by saying aye.

MR. BRITTON: Aye.

CHAIRMAN HANBY: Aye.

CHAIRMAN HANBY: Opposed, no. The petition is granted.

All right sir. Now, the next item on the agenda is the petition by Marshall Oglesby for approval to drill a well at the following off-center location:

Boney A-3

330 feet SNL and 710 feet WEL

SE/4 of NW/4

S 32, T 11 N, R 4W,

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. Who is representing the Petitioner?

MR. OGLESBY: I am, Mr. Chairman.

CHAIRMAN HANBY: State your name for the record.

MR. OGLESBY: Marshall Oglesby.

CHAIRMAN HANBY: You are the petitioner?

MR. OGLESBY: I am the petitioner.

CHAIRMAN HANBY: Do you wish to be sworn? Is anyone else here who wishes to be sworn in this matter, for or against the petition?

(Witness sworn)

CHAIRMAN HANBY: Let the record show that the witness was sworn by the Chairman. All right, Mr. Oglesby, you may proceed.

MR. OGLESBY: I would again like to use the exhibit that has been marked Exhibit "A".

CHAIRMAN HANBY: All right, we will have to use a new one now for this petition. This will be marked Exhibit "A" to the testimony of Marshall Oglesby in this matter presently before the Board.

(The document above referred to was marked Petitioner's Exhibit "A", Witness Oglesby, for identification)

CHAIRMAN HANBY: Now Mr. Oglesby, will you describe that exhibit for the record so that we can identify it by the record?

MR. OGLESBY: Boney A-3, 330 feet south of the north line, and 710 feet west of the east line, Southeast Quarter of the Northwest Quarter of Section 32, Township 11 North, Range 4 West, Gilberttown Field, Choctaw County, Alabama.

CHAIRMAN HANBY: Now this exhibit, describe for the record that exhibit.

MR. OGLESBY: The exhibit was prepared by Mr. Don Moore, showing the optimum position of the chalk production in the west end of the Gilberttown Field.

Mr. Chairman, I would like to use this to show why we need to be on an off-center location of seven hundred ten feet.

CHAIRMAN HANBY: All right, can you explain for the record what the green portion is?

MR. LAMOREAUX: Before we get into that, I would like to

clarify a point here with regard to the preparation of this exhibit. I would like to suggest that Mr. Oglesby point out that the geology, as shown in this exhibit, was prepared by Mr. Don Moore, and that on the basis of that geology, Mr. Oglesby prepared the exhibit. I don't believe Mr. Moore prepared this specific exhibit.

MR. OGLESBY: No sir, he didn't. I did point that out in the other case.

MR. LaMOREAUX: I think we ought to clarify that, because it would imply that Mr. Moore was doing Mr. Oglesby's work, whereas Mr. Oglesby instead has taken the geology by Mr. Moore and prepared his exhibit from that geology.

CHAIRMAN HANBY: Of course this geology that Mr. Moore has prepared is open for use by any one.

MR. LaMOREAUX: That is correct.

MR. OGLESBY: Mr. Chairman, that is the reason I pointed out awhile ago, maybe we should have gone over it again, that we believe it is right, and it has proven to be.

CHAIRMAN HANBY: But the exhibit itself was not prepared by Mr. Moore, was actually prepared by you, is that correct, or under your direction?

MR. OGLESBY: No sir, it was prepared by Mr. Moore.

MR. LaMOREAUX: Did he prepare this piece of paper?

MR. OGLESBY: It is taken from his map.

MR. LaMOREAUX: But you located the wells and did the labelling?

MR. OGLESBY: Right.

MR. LaMOREAUX: That is a fine point, but it is an important one, because someone might come right around and advise that Mr. Moore was doing your consulting work. That is the point I wanted to be clear on. We appreciate the confidence that you have in the geology that Mr. Moore and others on the staff are doing, but we do want to make sure that this was not prepared by him.

CHAIRMAN HANBY: Well now, will you proceed then, Mr. Oglesby, and identify the area marked green and then location of the respective circles that identify well locations, for the record, please.

MR. OGLESBY: Well, we are petitioning the Board for a permit to drill an off-center location three hundred thirty feet south of the north line and seven hundred ten feet west of the east line, which is known as the Boney A-3. We need to be there, as evidenced by the map, to get into chalk production. There again, it is permitted for thirty-seven hundred feet, I believe, proposed depth thirty-seven hundred feet. Again, we would like to drill on into the ^{East} ~~Utah~~, to later possibly produce it.

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CHAIRMAN HANBY: Now Mr. Oglesby, I see here a circle in black which you have designated as "Boney Number 3".

MR. OGLESBY: Yes sir.

CHAIRMAN HANBY: What distance --- is that well now

producing?

MR. OGLESBY: That is a producing well.

CHAIRMAN HANBY: What distance is that well from the proposed well?

MR. OGLESBY: Approximately one hundred feet.

MR. LaMOREAUX: What are your intentions with regard to the Boney Number 3, which is producing ^{from} ~~under~~ the ^{Utah} ~~Utah~~ at the present time, if you are successful in developing a well in the Boney A-3 site?

MR. OGLESBY: Well, the Boney 3 is producing from the ^{Utah} ~~Utah~~ horizon sand. We hope to complete the A-3 venture in chalk. However, as evidenced by the ---

CHAIRMAN HANBY: I have a phone call here, if you will just adjourn the hearing for a moment.

(short recess taken)

CHAIRMAN HANBY: Go ahead.

MR. OGLESBY: Well, we want to carry the well on through, I do, through the ^{Utah} ~~Utah~~ sand. The Boney Number 3 was an open hole completion. I think that there should be some channeling there. It has never produced a whole lot of oil. It is only making about five or six barrels a day now. However, we are still producing in and I think it would be foolish to plug it, but by the proper completion even in the sand, I think we could make a nice well later or a good well.

MR. LaMOREAUX: Then as I understand it, you are proposing

to make the Boney A-3 first into a chalk production well?

MR. OGLESBY: Yes sir.

MR. LaMOREAUX: And you are moving it to the proposed location for stratigraphic, ^{and} ~~and~~ structural reasons?

MR. OGLESBY: Yes sir.

MR. LaMOREAUX: However, in drilling the Boney A-3, you are continuing to test the ^{East} ~~Utah~~ also?

MR. OGLESBY: Yes sir.

MR. LaMOREAUX: If you make the ^{East} ~~Utah~~ --- if you decide to abandon the chalk and make it in the ^{East} ~~Utah~~, then what is your purpose, I mean what do you propose to do insofar as the Boney Number 3?

MR. OGLESBY: We would like to request of the Board that we continue to produce it. I can't say that it would be any different than our other --- it would be a conservative matter to let them both produce. The mineral interests there to the west, north, south and east --- well excuse me, all around it is Boney's property. Now to the east the forty is Boney-Scruggs. Boney has only twenty acres and Mr. Scruggs twenty acres.

MR. LaMOREAUX: I have no further questions. Mr. White, do you have any questions?

MR. WHITE: No sir.

MR. BRITTON: Let me ask you this question. What is the

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situation in regard to oil in the chalk or in this sand? What kind of production are you getting out of the chalk presently?

MR. OGLESBY: Mr. Britton, chalk production is real fine but you can't put any reserves on it. Scruggs A-1 produces quite a bit of oil, we are taking about seventy barrels a day from it now, twenty-four inch a stroke, twelve strokes a minute. How long it is going to last we don't know, or I don't know.

MR. BRITTON: That is Boney A-1?

MR. OGLESBY: No, that is Scruggs A-1 that has already started. Daggers, we are flowing about eighty barrels a day. How long that is going to last we will never know. There is no reservoir, rock, just those fractures. Mr. White might ---

MR. WHITE: This is really an enigma. There is one well in the field, in chalk, that is producing over one hundred barrels a day, that you can't tell where it is coming from. There is no way to define the sand that it is coming from. Frankly, nobody knows where it is coming from.

MR. OGLESBY: I always thought that it might be migrating up from the Utah in there, but some of it is getting into those fractures of chalk and you pull it out, but defining a reservoir and defining your reserve figures, it keeps you on the spot.

In other words, you take a twenty or twenty-five barrel
^{Euf3w}
~~Utah~~ well ---

I was just chatting. Boney Number 3 was completed as an open hole completion well, that is, drilled down into it, came back and set the casing on top of the sand and drilled into it, whereby we had no control whatsoever over water sands or coning or channeling, and so forth. I believe there is quite a bit of oil to be recovered from the ^{Euf3w}~~Utah~~ there by modern technique and more up to date methods of completion, selective prefering.

CHAIRMAN HANBY: When was Boney Number 3 completed, do you know?

MR. OGLESBY: In 1944.

CHAIRMAN HANBY: What kind of production are you getting now?

MR. OGLESBY: It is making about seven barrels a day.

MR. LaMOREAUX: Mr. Oglesby, if you develop the Boney A-3 in the ^{Euf3w}~~Utah~~, do you feel that the presence of the Boney 3, with the present construction, would jeopardize in any way the production in A-3?

MR. OGLESBY: I don't see that we would gain any thing by plugging it. However, as I have just pointed out, production is nil and it really wouldn't make a whole lot of difference.

MR. LaMOREAUX: Is the Boney A-3 producing much salt water

along with the oil?

MR. OGLESBY: The Boney 3?

MR. LaMOREAUX: Yes sir.

MR. OGLESBY: Yes, quite a bit, I would say around two hundred barrels a day.

MR. WHITE: I might say here, Mr. Chairman, that in a field with the reservoir conditions that exist in the Gilberttown field, that is a very active water drive, high porosity, high permeabilities, in my opinion and in the opinion of all of the texts that I studied while in school and since school, that a well drilled at the location shown on Boney A-3 would drain, ^{Certainly} ~~circle~~ drain at least one hundred feet in any direction, and probably should drain several hundred feet in any direction, therefore my thinking is that Boney Number 3-would be a useless well, and in fact would, in my opinion, jeopardize the operations of Boney A-3 in that producing fluids to the A-3 would tend to draw down any pressures the Boney Number 3 and would tend to draw any fluid, any communicating fluids in the Boney 3 to the Boney A-3. The Boney Number 3 would have no worthwhile purpose in my opinion, and it should be plugged in the event the A-3 is completed in the ^{Futura} ~~Utah~~. HSL
8-24-65

MR. OGLESBY: I would like to request before it is plugged that we have an opportunity to test it, to test the one or both, since most of the initial expense is already

there the cost and any thing we got from it would of course be related to the State and Revenue to me as an operator. I am like --- I go along with Mr. White in that in all probability, unless by selective perforating or better completion methods, the A-3 should be drained in the ^{EWB}Utah, or would be.

EWB
8-24-65

MR. BRITTON: What disposition is made of that two hundred barrels of salt water per day?

MR. OGLESBY: Sir?

MR. BRITTON: What disposition is made of the two hundred barrels of salt water?

MR. OGLESBY: We are draining it into a pit and then of course it goes on into the creek.

MR. BRITTON: Is that where all of that land fill is there?

MR. OGLESBY: No sir.

MR. WHITE: I would like to suggest from a conservation standpoint, and from the standpoint that order Number One does specifically exclude the completion of more than one well in a given reservoir on a drilling unit; that perhaps Mr. Oglesby would like to test his Boney Number 3 prior to drilling the other well, or be advised that Order Number One does specifically exclude completion of more than one well on the drilling unit into the same reservoir.

MR. OGLESBY: Well, in the Scruggs Number One and the Maggie Utsy Number Four, we have drilled on the forty

Eutzel
we went on to the Utah in those. However, we are
producing from the chalk. Now there again in the Utah *Eutzel*
in the Maggie Utsy Four, we picked up some structural *Ward*
position in it, and also in the Scruggs A-1. We would *8-29-65*
particularly gain the structure on this Boney 3.

MR. WHITE: Well, what you are doing is, Mr. Oglesby, you
are reversing a drainage pattern. You are creating a
pressure differential reversing the present pressure
differential drainage pattern, so that any waters that
were being fed as you say by channeling or by this open
hole completion that were being fed into Boney 3 now,
once you reverse your pressure differential and your
drainage pattern in producing your Boney A-3, I feel
that you would definitely jeopardize potential produc-
tion by coning from Boney Number 3 to Boney A-3 by
pressure differential.

MR. OGLESBY: That is true, but I think that perhaps now
that this coning situation is being created by ~~but~~ *but*
completions. *Ward* *8-29-65*

MR. WHITE: But still the danger does exist.

MR. OGLESBY: The danger in losing the seven barrels?

MR. WHITE: No, not the danger of losing the seven barrels,
but the danger of ~~burning~~ *ruining* what otherwise might be a
very good well in your Boney A-3. From the standpoint *Ward*
of strict engineering operations, I would suggest to *8-29-65*
you that this is a very definite danger, and you are

familiar with some of Arden-Anderson property which did have some down-hole communications.

MR. OGLESBY: He completed in another ^{some} ~~sink~~.

White
8-24-65

MR. WHITE: But still the down-hole communications was present, and did in fact ruin the well.

MR. OGLESBY: Now which well are you referring to now?

MR. WHITE: C. B. Morgan Number One.

MR. OGLESBY: It was ruined by what?

MR. WHITE: By coning.

MR. OGLESBY: I think they were too close to the fault structure.

CHAIRMAN HANBY: If you all are going to talk, try to get it on the record now.

MR. OGLESBY: Well, we are not real interested in whether or not we plug Boney 3, but I would like the opportunity if it came to this, to try --- say that we didn't complete the A-3, I would like to have the opportunity to complete the A-3 in the ^{Utah} ~~Utah~~ and produce the Boney 3 at the same time, in the event the A-3 didn't produce there; that it has been drained, and we have just as good a well here, and we can just keep the equipment where we have it. Well, if it worked good --- if this well here made a good well in the ^{Utah} ~~Utah~~, then, the Boney Number 3, then if it would be the desire of the Board, we could plug Number 3.

White
8-24-65

White
8-24-65

MR. WHITE: Let me ask you this, Mr. Oglesby. Do you now

intend to produce simultaneously the Boney Number 3
and the Boney Number A-3 from the ~~Utah~~^{Estew} sand, in the
event the Boney A-3 is completed? Do you intend or is
it your plan to complete both of them simultaneously
from the ~~Utah~~^{Estew} sand?

Hllw
8-24-65

Hllw
8-24-65

MR. OGLESBY: Well, we have certain --- well I don't guess
you would say agencies that work there, there are
several secondary recovery methods that are being em-
ployed in areas very similar to this, and it could be
very easily that we would need the A-3. I certainly
wouldn't want to plug it now.

MR. WHITE: No, what I am trying to get across and I still
don't think you follow me. Do you plan to produce
them, from the same reservoir simultaneously?

MR. OGLESBY: Well, I don't want to give up seven barrels
--- well, yes.

MR. WHITE: You would plan to produce them, the Boney A-3
from the ~~Utah~~^{Estew} at the same time you are producing Boney
Number 3?

Hllw
8-24-65

MR. OGLESBY: Well, possibly, but if it should be the
desire of the Board, if in the event this came around,
that we could take a second look at it with the staff,
the geological staff and the engineering staff, and
whatever recommendations you all made, why certainly
we would --- or I would go along with.

MR. BRITTON: Did you start to say seventy just now or

seven?

MR. OGLESBY: No, seven. I wish it were seventy.

MR. WHITE: I have no further questions.

CHAIRMAN HANBY: I want to ask this question. I think you have given this information, but I didn't get it or I have forgotten it. How many barrels --- how much water is this Boney Number 3 now producing?

MR. OGLESBY: I would say approximately two hundred.

CHAIRMAN HANBY: Barrels ^{water} what, per day?

MR. OGLESBY: Yes sir.

CHAIRMAN HANBY: And seven barrels of oil?

MR. OGLESBY: Yes sir.

CHAIRMAN HANBY: Is that a normal water production on those wells in that particular area?

MR. OGLESBY: Yes, it would be, and as Mr. White has pointed out, it has only been because of the water drive in Gilberttown we have been able to recover the amount of oil we have.

CHAIRMAN HANBY: And you would anticipate that on this proposed well it would be approximately the same amount of water?

MR. OGLESBY: Mr. Hanby, we would hope not.

CHAIRMAN HANBY: Well, you said, I believe, that was the general amount of water on most of the wells here, is that correct?

MR. OGLESBY: Yes sir, on the producing wells. I understand there are old wells, and of course as time goes

Handwritten:
H. Hanby
8-24-65

along, water begins to come in, and that is a problem of producing oil, but we would hope to be able to complete the A-3 any way to get away from some of this water.

CHAIRMAN HANBY: Do you have any questions, Hugh?

MR. BRITTON: No.

CHAIRMAN HANBY: Do you have any thing more?

MR. OGLESBY: No sir.

CHAIRMAN HANBY: Well, we will keep this under --- we will take this under advisement and discuss it later.

Now the next item on the agenda is item number four, a petition by Marshall Oglesby for approval to drill a well at the following off-center location:

Boney-Scruggs A-2

330' SNL and 600' WEL

SW/4 of NE/4

S 32, T 11 N, R 4W

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.

Who is representing the petitioner?

MR. OGLESBY: I am.

CHAIRMAN HANBY: Mr. Marshall Oglesby is here representing the petitioner. Is there any other person who wishes to be heard on this petition for or against the petition?

Let the record show there is no one else here. Raise your right hand, Mr. Oglesby.

(Witness sworn)

CHAIRMAN HANBY: Let the record show that the witness was sworn by the Chairman. All right, Mr. Oglesby.

MR. OGLESBY: Mr. Chairman, I would like to use this map, a map prepared by one of the staff members.

CHAIRMAN HANBY: To keep that testimony correct now, this exhibit was taken from information that is on file in the office of the Oil and Gas Board, which is public information.

MR. OGLESBY: Yes sir.

CHAIRMAN HANBY: Let that be marked Exhibit A to the testimony of Mr. Oglesby.

(Document referred to above was marked
Petitioner's Exhibit A, Witness Oglesby,
for identification)

CHAIRMAN HANBY: All right. Will you describe for the record now this particular exhibit?

MR. OGLESBY: The Boney-Scruggs would like to petition the Board to drill a well known as the Boney-Scruggs A-2, located three hundred thirty feet south of the north line and six hundred feet west of the east line

of the southwest quarter of the northeast quarter of Section 32, Township 11 North, Range 4 West, Gilbertown Field, Choctaw County, Alabama.

CHAIRMAN HANBY: Do you have that proposed well platted on Exhibit A, is that correct?

MR. OGLESBY: Platted and shown on Exhibit A.

CHAIRMAN HANBY: This was prepared by you, is that correct, from information that you obtained ---

MR. OGLESBY: Prepared by me from information obtained from the Oil and Gas Board's map.

CHAIRMAN HANBY: All right, go ahead.

MR. OGLESBY: As shown from the map, we need to be in this off-center position again to get into optimum position of chalk production.

There is a well known as the Boney-Scruggs, located some --- approximately two hundred feet south ---

MR. LaMORREAU: Is that the Boney-Scruggs Number 2?

MR. OGLESBY: The Boney-Scruggs Number 2 of this particular well. The Boney-Scruggs Number 2 is producing from the ^{Eocene} Utah formation.

MR. WHITE: What is its production, Mr. Oglesby?

MR. OGLESBY: Two barrels a day.

MR. WHITE: Mr. Oglesby, do you plan to drill the Boney-

Scruggs A-2 into the ^{Utah} Utah formation?

MR. OGLESBY: We do.

MR. WHITE: What, then, would be your plans for the Boney-Scruggs Number 2 in the event you obtain ^{Utah} Utah production from the Boney structure A-2?

MR. OGLESBY: If we completed the well in the ^{Utah} Utah, I would prefer to leave the well --- not plug the well, because of secondary recovery reasons perhaps.

MR. BRITTON: Mr. Oglesby, what do you mean by secondary recovery, perhaps. What did you mean by that? Would you mind telling the Board?

MR. OGLESBY: Well, from the water in Jackson.

MR. BRITTON: That is what you have in mind, possibly?

MR. OGLESBY: Possibly, yes sir.

CHAIRMAN HANBY: Is it your opinion that the proposed well of water would not drain the Boney-Scruggs Number 2?

MR. OGLESBY: It would be a down dip from the ^{Utah} Utah. It actually, I don't think, would affect it, and we have never have been able to --- the ^{Utah} Utah production from the Boney-Scruggs Number 2, there have only been some twenty-five thousand or thirty thousand barrels of oil and it has just been dribbled out over the years.

I think there again it was a bad completion. Its permeability and porosity situation there shouldn't be different from any other in the location, which should be some seventy thousand or eighty thousand barrels of oil.

CHAIRMAN HANBY: What is the most barrels per day that Boney-Scruggs Number 2 produced, do you know?

MR. OGLESBY: No sir, I don't.

MR. WHITE: How much water is produced with that two barrels?

MR. OGLESBY: Very little. I would say probably ten barrels a day.

CHAIRMAN HANBY: What would you say the proposed well would produce in water per day, according to the past records of wells in that area?

MR. OGLESBY: From the chalk, none, or very little.

MR. LaMOREAUX: What about the Scruggs Number 1, Mr. Oglesby? What does it produce. As I recall, seventy thousand ---

MR. OGLESBY: Scruggs 1?

MR. LaMOREAUX: Scruggs A-1, yes sir.

MR. OGLESBY: It is producing around seventy barrels per day.

MR. LAMOREAUX: And how much water is produced with that?

MR. OGLESBY: Oh, five barrels perhaps.

MR. LAMOREAUX: So the pattern of these chalk wells when they are properly constructed, is good with respect to the oil-water ratio?

MR. OGLESBY: Yes sir.

MR. LAMOREAUX: This is in essence what you are trying to do here in moving into these locations as far as chalk production is concerned. Now in the Boney-Scruggs A-2 proposal, are you proposing to test the chalk at that site or is this strictly going to be a ^{Ertow}Utah ---

MR. OGLESBY: No, it is chalk, primarily a chalk test.

MR. LAMOREAUX: But you want to keep open the considered possibility of testing the ^{Ertow}Utah?

MR. OGLESBY: Right.

MR. LAMOREAUX: Now your primary purpose in these drilling permits is to produce from the chalk first, and then check the ^{Ertow}Utah?

MR. OGLESBY: Primarily to produce from chalk, right.

MR. LAMOREAUX: And then if that fails, to go into the ^{Ertow}Utah and produce?

MR. OGLESBY: Yes sir.

MR. LAMOREAUX: So that actually your ^{Ertow}Utah proposal is a

Ertow
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secondary proposal in the event the chalk production is just not there?

MR. OGLESBY: Yes sir.

CHAIRMAN HANBY: What about your lease interest on the adjoining property?

MR. OGLESBY: I own the leases to the east and to the west, and of course I believe in that particular instance to the south and to the north, which would be across a fault, I believe the Land Brothers perhaps own that.

CHAIRMAN HANBY: Is that a Placid lease?

MR. OGLESBY: I would imagine.

CHAIRMAN HANBY: Is that true also on that proposed Boney A-3?

MR. OGLESBY: Placid owns the forty to the west and I own the forty to the east.

CHAIRMAN HANBY: What about to the south?

MR. OGLESBY: Placid, I would imagine. I just don't know. It is all Boney land.

CHAIRMAN HANBY: All right. Are there any other questions?

MR. WHITE: We have no further questions.

CHAIRMAN HANBY: All right. We will take that under consideration, and let you know later.

Now the fifth item on the agenda is a petition by Erickson-Oglesby for approval to drill a well at the following off-center location:

Land Brothers A-1

230 feet NSL and 330 feet WEL

SW/4 of NW/4

S 36, T 11 N, R 5 W

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.

Who is here representing the petitioner, Erickson-Oglesby?

MR. OGLESBY: I am.

CHAIRMAN HANBY: State your name for the record.

MR. OGLESBY: Marshall Oglesby.

CHAIRMAN HANBY: Is there any one here who wishes to be heard on this petition, who wishes to testify? If not, Mr. Oglesby, raise your right hand.

(Witness sworn)

CHAIRMAN HANBY: Let the record show that the witness was sworn in by the Chairman. All right, Mr. Oglesby, you may proceed.

MR. OGLESBY: Mr. Chairman, I think that we are all familiar with this well. The geology I had on it, I believe is here, Gene.

MR. WHITE: Yes it is.

MR. OGLESBY: And I sincerely beg and respect the authority of the Board, and I am very sorry that this particular thing happened. We have drilled the well as you know, and we would request that you all see ---

CHAIRMAN HANBY: Is this the well you drilled without a permit and which you have since plugged?

MR. OGLESBY: Yes sir.

CHAIRMAN HANBY: Which you have plugged according to our rules and regulations?

MR. OGLESBY: Yes sir.

MR. LANOREAUX: I might say that all papers are now in order on this particular permit of the petitioner. The well was plugged as directed by the Board, and now Mr. Oglesby has in turn petitioned the Board to grant approval to produce a well at this particular locality. That is where this particular petition stands at the present time. Our files are in order on this, so the bond is in order.

MR. WHITE: And all of the wells in the area that were to

be plugged have been plugged properly, with the witness present.

MR. LaMOREAUX: Our staff has been to the wells involved and has observed the plugging, inspected and made their reports. Everything is in order.

CHAIRMAN HANBY: Let's see, now. Have we had introduced here any evidence or testimony ---

MR. LaMOREAUX: The Board has heard all of the testimony on the special occasions ---

CHAIRMAN HANBY: I know that but I mean do we have any exhibits that have been presented?

MR. WHITE: Exhibits were presented to the Board at the February 1965 meeting in Mobile. I have copies here if you would like to have them reintroduced at this hearing.

CHAIRMAN HANBY: Well I think they should. I think the first thing we need to do is to get the re-introduction of all exhibits and testimony which was given at the initial hearing on the original petition. Has that exhibit been marked?

MR. LaMOREAUX: Yes it has, it has been marked Exhibit 1, but what I mean, Mr. Hanby, it is not marked and certified by Mr. Harris.

CHAIRMAN HANBY: This is a copy, apparently, of Exhibit Number 1, which was presented at that case. Well, in order to get the record up, if there is no objection, the Chair will rule that all exhibits and/or testimony presented and given to the Board at the February 1965 meeting of the Board in Mobile, Alabama, in which this matter was originally heard, be accepted in evidence and made a part of this particular hearing on this petition set forth on this agenda as number five on the agenda for all intents and purposes.

Does the staff have a recommendation to make on this matter?

MR. LeMOREAUX: Mr. Chairman, now that the petition is in order, and the application, bond, everything negotiated satisfactorily, we believe that the justification for the off-center location on the basis of strategraphic structural control is proper and recommend that the Board grant this petition.

CHAIRMAN HANBY: All right, gentlemen. We have heard the recommendations of the staff. We have heard the testimony and seen the exhibits which were introduced previously in support of this petition. What is the pleasure of the Board?

MR. BRITTON: I make the motion we grant the petition, item number five on the agenda.

CHAIRMAN HANBY: I second the motion. Those in favor, let it be known by saying aye. Opposed no. The ayes have it, and the petition is granted.

All right. Now of course I want to make this statement at this time, Mr. Oglesby. I don't want to constantly rehash this thing, but I do want you to understand and I believe I speak for members of the Board, I know I speak for Mr. Britton here, and also for Mr. Glaze, who is unable to be here, to say that we never want a thing like this to happen again.

MR. OGLESBY: No sir, not on my part.

CHAIRMAN HANBY: And I can tell you now that if it does happen again, that we are going to take very stringent action on it, but I wanted you to know that it is a serious matter with us. We have not treated it lightly and we don't intend to treat it lightly at any time.

MR. BRITTON: You might as well be advised that we are not going to take this thing here without taking some action on it. You may or may not know that, but we are going to try to take some action on this.

MR. OGLESBY: In what respect, Mr. Britton?

MR. BRITTON: Well, just whatever the Board thinks will be in the best interest of all concerned.

CHAIRMAN HANBY: All right, gentlemen. The next item on the agenda is the approval of the March 1965 minutes. We will go into executive session, which we hope will finish by noon, so you gentlemen, if you will, leave us at this time and we will see you just a little later.

(Whereupon at 11:35 A.M., June 18, 1965, the regular session of the State Oil and Gas Board was adjourned and the Executive Session convened immediately.)

CHAIRMAN HANBY: Gentlemen, we have reconvened in regular session at 11:55 A.M., June 18, 1965. Let the record further show that we are now considering one of the items on the agenda which was carried over before we recessed which is item number three, petition by Marshall Oglesby for approval to drill a well at the following off-center location:

Boney A-3

330 feet SNL and 710 feet WEL

SE/4 of NW/4

S 32, T 11 N, R 4 W,

Gilbertown Field, Choctaw County, Alabama.

The Board wishes to let the record show that under the field rules of the Gilbertown Field, no two wells in the same unit can be produced on a forty acre tract, and that if we grant this petition it would have to be levied to the field rule requirements and I would like to make the motion that the petition be granted subject to these conditions, which is that in the event this drilling operation is successful in the ^{Entel} Utah sand that Boney Number 3 which is located within this same forty acre tract would have to be plugged before any production will be allowed in the new proposed Boney A-3 well.

MR. BRITTON: I second that motion.

CHAIRMAN HANBY: It has been moved and seconded that the petition be granted under those conditions. All in favor let it be known by saying aye.

MR. BRITTON: Aye.

CHAIRMAN HANBY: Aye. Opposed, no. The ayes have it.

Now the next item on the agenda which we held over for consideration was item number four, petition by Marshall Oglesby for approval to drill a well at the following off-center location:

Boney-Scruggs A-2

330 feet SNL and 600 feet WEL

SW/4 of NE/4

S 32, T 11 N, R 4 W

Gilbertown Field, Choctaw County, Alabama.

The same conditions apply to this well as listed in the previous petition of Oglesby listed as item number three on the agenda, in that two wells in the same sand will not be allowed under the field rules, to produce, which in this case, if the proposed Boney-Scruggs A-2 well was a producing well, the Boney-Scruggs Number 2, being in the same forty acres unit would have to be plugged; that both wells will not be allowed to produce from the same unit.

MR. BRITTON: I will second that motion.

CHAIRMAN HANBY: The motion has been made and seconded that the petition listed on the agenda as item number four for the Boney-Scruggs A-2 well off-center location be granted, subject to those same conditions. Those in favor let it be known by saying aye.

MR. BRITTON: Aye.

CHAIRMAN HANBY: Aye. Those opposed, no. The petition is granted under those conditions.

Now that is all of the matters on the agenda. Do I

hear a motion to adjourn?

MR. BRITTON: I make the motion.

CHAIRMAN HANBY: I second the motion. All those in favor
let it be known by saying aye.

MR. BRITTON: Aye.

CHAIRMAN HANBY: Aye. This meeting is adjourned.

(Whereupon at 12:15 P.M. the above
entitled meeting was adjourned.)

REPORTER'S CERTIFICATE

THIS IS TO CERTIFY THAT the above and foregoing 46
pages is a true and correct transcription of my shorthand
notes taken on June 18, 1965, at the regular monthly
meeting of the State Oil and Gas Board, in the Board Room
of the State Oil and Gas Board Building, University Campus,
Tuscaloosa, Alabama, to the best of my ability, skill,
knowledge and belief.



Court Reporter