

STATE OIL & GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

August 20, 1965

Testimony and proceedings before the State Oil and Gas Board of Alabama, in the Board Room of the State Oil and Gas Board Building, University Campus, Tuscaloosa, Alabama, pursuant to adjournment, on this the 20th day of August, 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 Engrn.
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. Joe A. Thompson..... New Orleans, Louisiana	Humble Oil & Refining Company
2. M. V. Bates..... Hattiesburg, Mississippi	Humble Oil & Refining Company
3. Alan Jackson..... Hattiesburg, Mississippi	Humble Oil & Refining Company
4. Allen W. Woolf..... Natchez, Mississippi	Woolf & Magee, Inc.
5. Clinton G. Herring..... Hattiesburg, Mississippi	Robert A. Lee
6. Robert A. Lee..... Hattiesburg, Mississippi	Self
7. James W. Proctor..... Jackson, Mississippi	Self
8. Earl Williams..... Daphne, Alabama	Self
9. Boyd L. Bailey..... Citronelle, Alabama	State Oil & Gas Board
10. Leon Slay..... Citronelle, Alabama	State Oil & Gas Board
11. R. C. Wood..... Citronelle, Alabama	State Oil & Gas Board
12. W. E. Tucker..... University, Alabama	State Oil & Gas Board
13. E. C. Herbert..... Double Springs, Alabama	State Oil & Gas Board
14. David K. Brooks.....	David K. Brooks & Assoc.

P R O C E E D I N G S

(At 10:00 A.M., August 20, 1965, the Board convened the hearing in regular session.)

CHMN. HANBY: Gentlemen, we'll now call the Board in session. Let's rise and have a word of prayer, please.

(A prayer was then offered by Chairman Hanby)

CHMN. HANBY: Gentlemen, we are glad to see such a fine group of gentlemen here this morning and we welcome you. I will ask Mr. LaMoreaux to state whether or not the meeting has been properly advertised in accordance with the law.

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

CHMN. HANBY: We will go directly to the agenda. The first item on the agenda this morning is:

"Petition by J. W. Proctor to make permanent emergency order E-65-23 which granted approval to J. W. Proctor to drill a well at the following off-center location:

"Land-Johnson #1
610' SNL & 460' EWL
NW/4, SE/4
S14, T11N, R5W
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. PROCTOR: Yes.

CHMN. HANBY: Will you stand now and state your name?

MR. PROCTOR: J. W. Proctor.

MR. WILLIAMS: Earl Williams.

CHMN. HANBY: Gentlemen, do you have any other witnesses who wish to testify in this matter?

(No response)

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

MR. PROCTOR: Yes.

MR. WILLIAMS: Yes.

CHMN. HANBY: Will you come forward, please. Is there anyone else present that wishes to testify in this petition?

(No response)

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

(Witnesses were then duly sworn)

CHMN. HANBY: Let the record show that the witnesses were then sworn in by the Chairman. All right, gentlemen, you may proceed.

MR. WILLIAMS: Gentlemen, we come before you to request a petition to make permanent No. E-65-23 which granted approv

al to J. W. Proctor to drill a well at the following off-center location, the well being the Land-Johnson #1, which our proposed location is 610 feet South of the North Line and 460 feet East of the West Line of the Northwest Quarter, Southeast Quarter, Section 14, Township 11 North, Range 5 West, Choctaw County, Alabama. I would like to present in evidence a land map and also a fault plane map covering the area. The land map shows the acreage in red, a letter agreement farm-out from Placid Oil Company.

CHMN. HANBY: Now, was this map prepared by you or under your direction and supervision?

MR. WILLIAMS: The geology on it was prepared by Mr. Proctor and the red lay-out of the land and the acreage involved was prepared by me, sir.

CHMN. HANBY: Let that be marked Petitioner's Exhibit 1.

(The document was so marked by Mr. Harris)

MR. WILLIAMS: And I would also like to present in evidence a location plat showing the proposed location of the Land-Johnson.

CHMN. HANBY: Was this either prepared by you or under your supervision?

MR. WILLIAMS: That was prepared under my supervision, sir, by Mr. Walker, Guy Walker, a registered engineer.

CHMN. HANBY: Let that be marked Exhibit 2.

(The document was so marked by Mr. Harris)

CHMN. HANBY: All right.

MR. WILLIAMS: Gentlemen, I would like for you to take Exhibit 1 there, I do not have an additional copy of it, when Mr. Harris gets through.

MR. HARRIS: I'll finish marking these later.

MR. WILLIAMS: The acreage in this area, gentlemen, is lease acreage. The lease covering the acreage is owned by Placid Oil Company and Mr. Proctor has, as I say, a farm-out letter agreement from Placid by which he earned this acreage provided he drilled it and it is productive. We had intended on drilling the well in the center 40, which would be the Northwest Quarter of the Southeast Quarter of 14, Township 11 North, Range 5 West, and we employed Mr. Walker to go in and make a survey on the property of this location, and we find that it's almost an impossible location to reach, to fill in a swamp over there. The elevation is considerably lower than the surrounding area and we've tried to estimate the additional cost that it would cost us to go into that location over a new location, and we figure that it would cost us between \$4,000 and \$5,000 to make that location to the center 40. So we moved that location 200 feet to the West and 50 feet to

the North, to get a location that wouldn't be prohibitive in cost and allows us to remain on the fault plane in the proper position, and since we, or rather, Mr. Proctor and/or Placid Oil Company owns the leases surrounding this acreage plus quite a bit of additional acreage in there, there would be no objections by any adjoining lessees to our moving that location. In Mr. Proctor's letter from Placid, the only request as to location made by Placid was that we do not drill nearer than 330 feet of any 40 line without further permission from Placid, and of course, our present proposed location would be much nearer the center than the 330 feet.

MR. GLAZE: Who owns the property to the North -- Placid?

MR. WILLIAMS: The leases, Mr. Glaze? Yes sir.

MR. PROCTOR: The Land Brothers own all the surface in this particular area.

CHMN. HANBY: That's who, now?

MR. PROCTOR: The Land Brothers.

CHMN. HANBY: Have you discussed the matter with them?

MR. PROCTOR: Yes sir. I've discussed it at length with them.

CHMN. HANBY: They agree to it and have no objection?

MR. PROCTOR: They have no objection whatsoever. In fact, they were very cooperative. They really want to see

something done.

MR. WILLIAMS: They want some activity in the area.

MR. PROCTOR: They don't own the minerals under this particular tract, but they do own the surface.

CHMN. HANBY: Do you have the letter from Placid? Are you going to introduce that in evidence?

MR. WILLIAMS: We would, but we don't have a copy, but we'll be glad to show you the section.

MR. LaMOREAUX: We could get a copy, Xerox copy.

CHMN. HANBY: We'll be glad to make a Xerox copy.

MR. PROCTOR: The elevation on this particular location in the center of the 40 is about 50 feet, I would say 50 feet deeper than the surrounding area. There is a creek bottom in there that runs through and the 660 foot location falls right in the bottom of that big wide cutter in there. We moved the location so that it ~~would~~ be on the plateau and be relatively easy to get to.

MR. LaMOREAUX: Mr. Proctor, what will this well start in, what will you ^{spread} ~~spread~~ into, geologically?

MR. PROCTOR: I think it's Moody's Branch, what they call in that area. According to the old U.S.G.S. map, it should be Moody's.

MR. LaMOREAUX: Do you have any trouble getting across

Branch man
Moody's ~~plans?~~

TEL
12-9-65

MR. PROCTOR: We drilled one well in Clark County, Mississippi, in a similar location, and all the water in there, all of a sudden the truck got loose and he staggered ? ? up and the boards were like matchsticks.

CHMN. HANBY: Let's see, now, do you have that letter?

MR. WILLIAMS: Boyd, let me read that paragraph to them.

(Mr. Williams presented the document to Chairman Hanby and pointed out the pertinent section)

CHMN. HANBY: This appears to be an original of a letter dated June 7, 1965, from Placid Oil Company to James W. Proctor, Post Office Box 4, Whitman, Mississippi, signed by Mr. W. F. Dalton, President, Placid Oil Company, and the provision in the paragraph relating to location states this:

"You shall drill the said required well at a location no nearer than 330 feet to any boundary line on the Northwest Quarter of the Southeast Quarter of Section 14, Township 11 North, Range 5 West, Choctaw County, Alabama."

And the witness has stated this is the original, the only copy he has. If there is no objection, we will make a photostatic Xerox copy and use that in evidence and let it be marked Exhibit 3 when it's produced.

(Chairman Hanby presented document to Mr. Bailey to have reproduced)

CHMN. HANBY: All right, anything else?

MR. WILLIAMS: James, have you got anything else?

MR. PROCTOR: No sir, that about covers it.

MR. WILLIAMS: I think that's about it. We're ready to go when we get our permit.

CHMN. HANBY: Do we have a report?

MR. LaMOREAUX: Mr. Proctor, what horizon do you expect production?

MR. PROCTOR: In the Chalk.

MR. LaMOREAUX: Are you going to test the Eutaw?

MR. PROCTOR: No, it strictly is a Chalk test.

MR. LaMOREAUX: I have no further questions.

MR. WHITE: No questions. I don't have any, Mr. Hanby.

MR. LaMOREAUX: I would discuss it in your executive committee.

CHMN. HANBY: All right, gentlemen, we'll take this matter up later in the day and let you know of our decision. Thank you.

MR. WILLIAMS: Thank you, gentlemen.

CHMN. HANBY: Gentlemen, the next item on the agenda is:

"Petition by Robert A. Lee, et al, to drill a well at the following off-center location:

"Robert A. Lee, et al
#1 Bacon-McMillan Veneer Company
From a point midway between the

North and South Lines of
S4, T1N, R2E
Baldwin County, Alabama
On the West Bank of Tensaw Lake go
West 330', thence North 250' to location:

"and to establish the following lands as an oil
drilling unit containing 40 acres more or less:

"Beginning at a point midway between the
North and South Lines of S4, T1N, R2E,
Baldwin County, Alabama
On the West Bank of Tensaw Lake go West
1749.7', thence North 1320', thence East
1170.7' approximately to the West Bank of
Tensaw Lake, thence southerly along the
West Bank of Tensaw Lake to the point of
beginning.

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

Anyone here represent the petitioner?

MR. HERRING: Yes sir. C. G. Herring, Mr. Lee and Mr.
Woolf.

CHMN. HANBY: Will you each state your position and with
whom you are connected.

MR. HERRING: I'm an attorney representing Mr. Lee.

MR. LEE: I'm an operator.

MR. WOOLF: Allen Woolf, Woolf-Magee, Incorporated,
drilling contractors.

CHMN. HANBY: All right, gentlemen, if you'll just step
forward. Do you want them sworn?

MR. HERRING: Yes sir, if you will, please, sir.

CHMN. HANBY: Are there any other witnesses present who wish to be heard in this matter?

(No response)

CHMN. HANBY: Let the record show that no other persons were in attendance that wanted to be heard. Gentlemen, will you raise your right hand?

(Two witnesses were then duly sworn)

CHMN. HANBY: Let the record show that the witnesses were sworn in by the Chairman of the Board. You may proceed.

MR. HERRING: Mr. Chairman, as was stated in the petition read, we are requesting an off-center location to Rule 3-B, I beg your pardon, Rule B-3-B, as authorized under Rule B-3-D of Order No. 1 of the Board. We are in the swamp of Tensaw Lake in Baldwin County with rather difficult location problems which I think would best be shown by the exhibits that I have.

CHMN. HANBY: All right.

MR. HERRING: I'd like the Board to take notice of this U.S.G.S. map, since this was not prepared under our direction. I'd like to have it marked as Exhibit 1.

CHMN. HANBY: Let this be marked Exhibit 1.

(The document was so marked by Mr. Harris)

MR. HERRING: Only one copy need be retained, but I have

one copy for all the Board. This would be Exhibit 2, would it not?

CHMN. HANBY: Yes sir.

(Mr. Herring distributed copies to Board Members)

CHMN. HANBY: Mr. Herring, for the record, as we mark these exhibits, would you state for identification purposes what it consists of?

MR. HERRING: This is plat of survey, prepared by Duran Engineering Company. I believe, Mr. Woolf, this was prepared under your supervision?

MR. WOOLF: Right.

CHMN. HANBY: That will be Exhibit No. 2.

(The document was so marked by Mr. Harris)

MR. HERRING: This is a geological map. Mr. Lee, this was prepared by you, I believe?

MR. LEE: Right.

CHMN. HANBY: This is Exhibit No. 3.

(The document was so marked by Mr. Harris)

MR. HERRING: All right.

(Mr. Herring distributed copies to Board Members)

MR. HERRING: Let's see, do you gentlemen have... can you both use that one? Let's see, now, the topo map, the topo map is where?

CHMN. HANBY: Here it is.

MR. LaMOREAUX: The "Tensaw Quadrangle Topographic Map." That would be the title of it.

MR. HERRING: I introduced that just to show the Board the general circumstances of the lay of the land, the general area of where we are. Mr. Woolf, would you tell the Board whether or not you've been to this location and the circumstances surrounding the drill site 40 as disclosed by Exhibit 2?

MR. WOOLF: Yes sir. From the drill site, the West, we have about 150 feet where we're in water, which is a pond.

MR. HERRING: This is shown on Exhibit 2.

MR. WOOLF: What they show in the pond is a foot or $2\frac{1}{2}$ feet of water, yes.

MR. HERRING: All right, sir. Now, to the West of the pond, what circumstances do you encounter?

MR. WOOLF: To the West of the pond, we're approximately 2 to $2\frac{1}{2}$ feet above high tide.

MR. HERRING: Would it be possible to establish a location in the center of the proposed drilling unit shown here, Mr. Woolf?

MR. WOOLF: The center of the proposed drilling unit, Proctor Creek goes through the center of the unit. Your

location would fall on the edge of Proctor Creek and your pond also extends up through this unit, a low depression all the way through the unit, and to build a location over there, you would have to move dirt and fill in to build a location and then board on top of it.

MR. HERRING: Mr. Woolf, to establish a location within 150 feet of the center of the drilling unit to the West, what problems would be encountered?

MR. WOOLF: To the West, you would either have to change the course of the creek or the bridge at the creek. The creek is large enough so that in order to bridge it, you would have to drive piling.

MR. HERRING: To the East, what problems?

MR. WOOLF: To the East, you would be back in the pond. You would be in water again.

MR. HERRING: Did I understand you to say that you'd have to make a fill?

MR. WOOLF: Right. You'd have to make a fill.

MR. HERRING: You've actually been out on the ground, I understand, Mr. Woolf, is that correct?

MR. WOOLF: Yes sir, I have been on the ground.

MR. HERRING: From your review of this drilling unit, what is the most feasible and economical location that would

be possible?

MR. WOOLF: The location we have staked is the most feasible location. The only thing that could improve it any would be to move it to the East or to the Southeast more.

CHMN. HANBY: Let me ask at this point...

MR. HERRING: All right.

CHMN. HANBY: Mr. Woolf, are you a geologist?

MR. WOOLF: No sir.

MR. HERRING: I beg your pardon, Mr. Chairman. I should have qualified him.

CHMN. HANBY: Will you go ahead and do that, if you will?

MR. HERRING: I surely will, thank you. Mr. Woolf, what is your occupation?

MR. WOOLF: Drilling contractor.

MR. HERRING: And who are you associated with?

MR. WOOLF: Woolf & Magee, Incorporated.

MR. HERRING: What period of time have you been so occupied?

MR. WOOLF: Oh, approximately 15 years.

MR. HERRING: Have you had any experience in drilling in areas of this type?

MR. WOOLF: Yes sir.

MR. HERRING: About how long?

MR. WOOLF: I've been drilling in areas of this same type in Mississippi and Mississippi River bottoms for approximately 10 years.

MR. HERRING: Do you have occasion to have knowledge of cost involved in establishing locations in areas of this type?

MR. WOOLF: Yes. We turn-key quite a few locations for major companies as well as independents. When we go in and build a location, move in and drill the well and move out.

MR. HERRING: This leaves to you a necessity for knowing what the cost is going to be?

MR. WOOLF: Yes.

MR. HERRING: Mr. Woolf, are you prepared to advise us approximately of the cost differential between establishing a location as shown on Exhibit 2 and a location either in the center or within 150 feet of the center of the proposed drilling unit?

MR. WOOLF: The location of the center would cost from \$10,000 to \$14,000 more to build, additional, than the proposed location.

MR. HERRING: Would that same cost apply generally within a 150-foot radius?

MR. WOOLF: It would apply within 150 feet.

MR. HERRING: That's based on fill cost, bridge cost and

otherwise?

MR. WOOLF: Based on fill cost, bridge cost, board road to reach this, which would all have to be... the road will have to be boarded all the way around. If you moved in 150 feet on the other side of this creek, which is also marshy, you would have to bridge the creek. If you set the location in the, say, center of the 40, you would have to change the course of the creek.

MR. HERRING: To get to the proposed location as shown by Exhibit 2, Mr. Woolf, how do you propose to get there?

MR. WOOLF: Propose to move the rig at Hubbard's Landing (phon.).

MR. HERRING: That's on the bank of Tensaw Lake?

MR. WOOLF: That's on the bank of Tensaw Lake, load it on the barge...

MR. LEE: That's about midway on the West line of Section 47.

MR. HERRING: Approximately right here (indicating). That's about midway on 47 on Exhibit 3. There's a landing that comes down to the lake. Did you see that, Mr. Britton, the landing?

MR. BRITTON: No.

CHMN. HANBY: Here it is.

MR. HERRING: All right, sir. Would you continue?

MR. WOOLF: Propose to deliver it to the landing by truck, load it on the barge, move it approximately one mile, approximately a mile up the Tensaw.

MR. HERRING: Up North?

MR. WOOLF: North. Unload on the West bank, and we will have to board from the board to the location and board the location.

MR. HERRING: Do any of the Board Members have any questions of Mr. Woolf?

CHMN. HANBY: Do you have any questions?

MR. BRITTON: Not at this point.

CHMN. HANBY: Does the staff have any questions at this point?

MR. LaMOREAUX: No further questions.

CHMN. HANBY: We have no questions.

MR. HERRING: Mr. Lee, we have established by Exhibit 2 the proposed location which we're asking the Board to grant for you in drilling this well. How does this drilling unit arise, Mr. Lee?

MR. LEE: It was established by Shell. We have a farm-out to Shell.

MR. HERRING: Mr. Lee, what is your profession?

MR. LEE: Geologist.

MR. HERRING: Are you the proposed operator of this unit and well?

MR. LEE: Yes.

MR. HERRING: How long have you been in the geological and operating business?

MR. LEE: Seventeen years.

MR. HERRING: Have you had occasion to operate and drill other wells?

MR. LEE: Yes.

MR. HERRING: More than 15, more than 20?

MR. LEE: Right.

MR. HERRING: You've told the Board that Shell has established this drilling unit?

MR. LEE: Yes.

MR. HERRING: This is Shell acreage?

MR. LEE: Yes.

MR. HERRING: I assume then that you will earn this acreage by drilling it?

MR. LEE: By drilling and by producing.

MR. HERRING: I ask the Board Members to consider Exhibit 3 and ask Mr. Lee to consider Exhibit 3 also. Mr. Lee, other than topographic conditions, are there any other reasons that

this drilling unit is desirable other than the fact that Shell has specified it?

MR. LEE: The plat lines... the black lines as shown on the exhibit are lines of equal depth below sea level. This is our interpretation of the prospect. The red line is inserted to show the direction of movement in the event the prospect is smaller than we think it is. Our control is on the East side of the prospect. West depth is established far to the West, and if the prospect is smaller than we have it mapped, the dip will come off the West side, so moving to the South and the East is less risky on the location than more to the North and West.

MR. LaMOREAUX: Mr. Lee, what are your contours? You said they were sub-sea.

MR. LEE: They're mapped on the top of the Lower Tuscaloosa.

MR. LaMOREAUX: I think that ought to be added to your exhibit. The exhibit should reflect that.

MR. LEE: Right.

CHMN. HANBY: Do you want to do that now at this point?

MR. HERRING: I believe the fact that it was testified to probably adds it to Exhibit 3, does it not?

MR. LaMOREAUX: Yes, if he can add it to the exhibit, but

it does not document it. Mr. Lee, is this your geological interpretation or is it Shell's interpretation?

MR. LEE: It's mine.

MR. HERRING: Mr. Lee, would you advise the Board, if you know, what the ownership is that surrounds this location?

MR. LEE: The acreage to the South of the location, immediately South, is owned by the California Company. Shell also has acreage on to the South of the unit, West of the California's acreage. The acreage North of the West is owned by Shell Oil Company, and the acreage East...

MR. HERRING: And that's owned by the State of Alabama?

MR. LEE: Yes.

CHMN. HANBY: When you speak now of the land South, how far South?

MR. HERRING: Immediately South.

MR. LEE: Adjacent to our unit.

CHMN. HANBY: What do you have leased through Shell?

MR. LEE: Only the checkerboard portion of our tract.

CHMN. HANBY: That are marked in yellow?

MR. LEE: Only the checkerboard part. The rest of this is not Shell farm-out. The 1, 2, 3, 4, 5 shown in Section 4.

MR. LaMOREAUX: Oh, your lease acreage are the uncolored..

MR. LEE: Ours is the yellow acreage.

CHMN. HANBY: The checkerboard?

MR. LEE: They own the rest of the uncolored in 9 and 4.

CHMN. HANBY: Who has the ownership of the lease of the other yellow?

MR. LEE: We have all the yellow acreage.

CHMN. HANBY: All of the yellow, in addition to the checkerboard?

MR. LEE: Yes. Some of it's not full acreage. We have part interest with other people, but we're interested in all the yellow acreage.

MR. HERRING: That portion on Exhibit 3 uncolored is owned by other companies, is that correct?

MR. LEE: Yes.

MR. HERRING: Now, you've mentioned California Company, Mr. Lee, owning to the South. What, if anything, can you tell the Board concerning California Company concerning this recommendation?

MR. LEE: They recommend supporting our test with a dry hole.

CHMN. HANBY: You say they recommended -- have they agreed to it?

MR. LEE: They haven't. They've recommended.

CHMN. HANBY: Go ahead.

MR. HERRING: That's generally all, unless you have some other expansion you wanted Mr. Lee... unless the Board Members have some questions.

CHMN. HANBY: Let me see, now. As I understand it, immediately South of the proposed location, which is not colored, is owned or controlled by California?

MR. LEE: From the center of Section 9, project the line Northward to the South edge by unit, the acreage East of that and West of Tensaw Lake is owned by California Company.

MR. HERRING: Just a very small strip.

MR. LEE: All of the rest of the uncolored acreage West of Tensaw Lake is owned by Shell. The yellow acreage West of Tensaw Lake is ours.

CHMN. HANBY: I think that explains it.

MR. HARRIS: Mr. Lee, what part is owned by the State?

MR. LEE: The State owns the minerals under Tensaw. The State claims to own it.

CHMN. HANBY: I believe you testified that California Company's local Jackson office had recommended participation in the unit, in the dry hole?

MR. LEE: They recommended supporting our test.

MR. LaMOREAUX: Mr. Lee, what is the proposed depth of this test?

MR. LEE: 8950.

MR. LaMOREAUX: And what are you supposed to test?~~by~~ 8E

MR. LEE: Paluxy.

MR. LaMOREAUX: I assume your structure is based on a combination of geophysics and geology, is that correct, or is this on...

MR. LEE: Ours is entirely based on sub-surface. Some of the companies that have shot it, Shell shot and they have..

CHMN. HANBY: I believe it might be advisable, Mr. Herring, if the record contained his qualifications as a geologist.

MR. HERRING: All right, sir. I covered them, but I don't know whether I went far enough. Mr. Lee, where did you go to school?

MR. LEE: Mississippi State.

MR. HERRING: When did you finish Mississippi State?

MR. LEE: 1948.

MR. HERRING: Following your departure from Mississippi State, did you seek employment and obtain employment?

MR. LEE: With Humble Oil Company.

MR. HERRING: And how long were you with Humble Oil Company?

MR. LEE: Four years.

MR. HERRING: And after you left Humble Oil Company, what

profession or occupation did you engage in?

MR. LEE: Consulting geologist.

MR. HERRING: And where was that location?

MR. LEE: In New Orleans.

MR. HERRING: And how long did you continue in that capacity?

MR. LEE: About six years.

MR. HERRING: And after you left New Orleans, where did you move?

MR. LEE: Mississippi.

MR. HERRING: And continued to participate in a geological occupation?

MR. LEE: Right.

MR. LaMOREAUX: Mr. Lee, what type work did you do with Humble Oil Company?

MR. LEE: Sub-surface geology.

MR. LaMOREAUX: Who were you working with?

MR. LEE: I was in the New Orleans office at the time I left to work in Mississippi -- sub-surface.

MR. LaMOREAUX: No further questions.

MR. HERRING: To sum it up, gentlemen, we are asking for an off-center location for an economic hardship basis, based also on geological interpretations, but primarily, we primarily

base our request on topographic-economic problems.

CHMN. HANBY: I believe we've had the exhibits marked but not introduced.

MR. HERRING: I'd like to offer the exhibits that have been marked and used in the testimony in evidence, if I may.

CHMN. HANBY: That would be, I believe, 1, 2 and 3.

MR. HARRIS: They have been marked.

CHMN. HANBY: If there are no objections, they will be received. What are the recommendations of the staff?

MR. LaMOREAUX: Mr. Chairman, all of the permit papers are in order and our staff has had an opportunity to check the exhibits, we are familiar with them. We recommend that the petition be granted.

CHMN. HANBY: All right. We've heard the testimony. We've seen the exhibits that have been introduced and we've heard the recommendations of the staff. What is the pleasure of the Board?

MR. GLAZE: I move that the petition by Robert A. Lee with off-center location as described on the agenda be granted.

MR. BRITTON: I second that motion.

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.

MR. LaMOREAUX: Mr. Chairman, I'd like to make a statement. As these men have just for the first time appeared before the Board, they have done a fine job of preparing the exhibits and presenting them. It certainly has been helpful to have them presented in this way. I'd like to compliment the engineers on them.

MR. HERRING: Thank you.

CHMN. HANBY: You gentlemen come back. Let us go back to the petition marked No. 1 on the agenda that we've heard, this petition by Mr. J. W. Proctor. The staff states they have investigated this petition and find it in order. We had stated that we would consider it later on in the day. The Board feels like they'd like to consider it at this time. Now, the exhibits that were introduced, I don't believe that we accepted those in evidence. For the record, let it be shown that the exhibits introduced in the testimony in the J. W. Proctor petition are received in evidence. Now, gentlemen, we have heard the testimony in that petition and reviewed the matters introduced. What is the pleasure of the Board?

MR. BRITTON: I move that the Board grant the petition as stated in Item 1 on the agenda.

CHMN. HANBY: Do I hear a second?

MR. GLAZE: I second the motion.

CHMN. HANBY: It's been moved and seconded that the petition by J. W. Proctor as shown in Item 1 on the agenda 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 and the petition is granted.

MR. WILLIAMS: Gentlemen, we thank you.

MR. PROCTOR: Thank you.

MR. LaMOREAUX: Find us some oil.

CHMN. HANBY: That's what we want -- oil. All right, gentlemen, the next item on the agenda is:

"Petition by Humble Oil and Refining Company to complete an oil well at the following off-center location:

"Rex Alman #4
1050' SNL, 400' WEL,
NE/4 of NE/4,
S4, T10N, R3W,
Gilbertown Field,
Choctaw County, Alabama

"and to deepen and complete the following described well as a salt water disposal

well and to designate same as East Gilberttown Salt Water Disposal System #1, Well 2.

"Rex Alman Well #2
255' NSL and 300' EWL,
NE/4 of NE/4,
S4, T10N, R3W,
Gilberttown Field,
Choctaw County, Alabama

"The Board reserves the right to prorate in the event the petition is granted and this well hereinabove described as the Rex Alman #4 becomes a producer."

Who is here representing the petitioner?

MR. THOMPSON: Mr. Chairman, I'm Joe A. Thompson, lawyer for the Humble Oil Company, and Mr. Melvin Bates, a petroleum engineer.

CHMN. HANBY: Do you wish to be sworn... for Mr. Bates to be sworn in?

MR. THOMPSON: Mr. Bates will be our only witness.

CHMN. HANBY: Is there anyone present other than Mr. Bates who wishes to be heard in this matter, either pro or con, either for or against?

(No response)

CHMN. HANBY: Let the record show that no one appeared other than the gentlemen who have risen. All right, raise your right hand.

(Mr. M. V. Bates was then duly sworn)

CHMN. HANBY: Let the record show that the witness was sworn in by the Chairman. All right, gentlemen, will you sit down and proceed?

MR. THOMPSON: By way of explanation, we'll say that this is an application on the part of Humble requesting the Board to redesignate the East Gilbertown Salt Water Disposal Well #1 as an oil well bearing the name of Rex Alman #4 as an exceptional location in the unit served thereby and seeking further to abandon the existing completion on the same unit, being the Rex Alman #2, which is currently producing, to deepen that well in order to convert same and recomplete it as a salt water disposal well. That is our opening statement. I would like for the record to indicate the Board's file in this docket, including the notice of publication. I'll call Mr. Melvin Bates as our first witness. You are Mr. Melvin Bates, petroleum district chief engineer of the Humble Oil Company in Hattiesburg, Mississippi?

MR. BATES: That's right.

MR. THOMPSON: Mr. Bates, have you ever testified as to your qualifications as an engineer before this Board?

MR. BATES: No, I have not.

MR. THOMPSON: Would you please briefly give them the benefit of your educational and experience background as a

petroleum engineer?

MR. BATES: I graduated from what was then Oklahoma A & M College in 1949 with a B.S. degree in electrical engineering. I went to work for Humble immediately after graduation and have been employed by them as a petroleum engineer for some 16 years. I'm currently the district chief engineer in the Hattiesburg district.

MR. THOMPSON: In the course of your work, have you dealt with engineering problems in the State of Alabama and in the East Gilbertown Field in particular?

MR. BATES: Yes sir.

MR. THOMPSON: I submit his qualifications.

CHMN. HANBY: Yes, we accept his qualifications.

MR. THOMPSON: Mr. Bates, are you familiar with the application filed by Humble on this docket?

MR. BATES: Yes, I am.

MR. THOMPSON: Do you have any exhibits that you care to introduce to support your testimony?

MR. BATES: Yes, I have four.

MR. THOMPSON: Were they prepared under your supervision?

MR. BATES: Yes, they were.

MR. THOMPSON: Do they accurately depict what they propose to portray?

MR. BATES: Yes.

MR. THOMPSON: Mr. Chairman, I'd like to introduce...

MR. BATES: I'm going to talk about this one first.

MR. THOMPSON: I'd like to introduce as Exhibit No. 4 to Mr. Bates' testimony the plat entitled "Application by Humble Oil & Refining Company for a Location Plat" and marked Exhibit 4. All right, now, Mr. Bates, using your exhibit, would you explain what relief is sought by Humble and why in this application?

MR. BATES: This is a location plat depicting the Section 4, the Northeast Quarter of Section 4, Township 10 North, Range 3 West, Choctaw County, Alabama. Previously, we had applied for and received approval to drill a salt water disposal well, which on this plat is shown in the Northeast Quarter of this Northeast Quarter as the #4 well. Above that, it says "Formerly Salt Water Disposal Well #1," which we drilled, and in the course of logging the well, determined that we had possible oil production. Now, the existing well on this particular unit was the Rex Alman #2, which is depicted there at the Southwest Corner of that Quarter-Quarter. The existing well, which was the Rex Alman #2, is roughly 522 feet off-center. The salt water disposal well which we drilled is 469 feet off-center. Now, the existing Field Rules for the

East Gilbertown Field require any well greater than 200 feet off-center to be an exceptional location. We are requesting approval of the Board for making the salt water disposal well our Rex Alman #4, making it the producing well for the unit. The #2 well depicted there, of course, we are asking to drill deeper and convert it to a salt water disposal well.

MR. THOMPSON: For the record, Mr. Bates, will the unit served by the Rex Alman Well #4 be described as the Northeast Quarter of the Northeast Quarter of Section 4, Township 10 North, Range 3 West, Choctaw County, Alabama?

MR. BATES: That is right.

MR. THOMPSON: That is assuming... at the present, it is served by the Rex Alman #2?

MR. BATES: That's right.

MR. THOMPSON: Any further comments about this?

CHMN. HANBY: Do you want to offer it now?

MR. THOMPSON: Yes, we'd like to offer it.

CHMN. HANBY: If there are no objections, it will be received in evidence.

MR. BRITTON: I'd like to ask a question. I notice it says "Formerly Salt Water Disposal Well #1." It has "#4" there by it. Now, what...

MR. BATES: We received approval to drill it as the East

Gilberttown Salt Water Disposal System Well #1, and we're asking that it be changed to the Rex Alman #4 and become the producing well for the unit.

MR. BRITTON: I see.

CHMN. HANBY: Any other questions?

MR. LaMOREAUX: No.

MR. WHITE: No.

MR. THOMPSON: To save time, for the record, were each of the Exhibits 1, 2, 3 and 4 prepared by you?

MR. BATES: Yes.

MR. THOMPSON: Do they accurately portray what they purport to?

MR. BATES: Yes.

MR. THOMPSON: Mr. Chairman, I'll offer Exhibit No. 2 to Mr. Bates' testimony. This exhibit marked Exhibit No. 2, Mr. Bates, will you explain this exhibit to the Board, please?

MR. BATES: This exhibit is merely a schematic of the completion of the salt water disposal well which we're asking to be changed to the Rex Alman #4. We drilled this well with 8-5/8 inch surface casing set at a depth of 633 feet and cemented it to the surface. We actually got cement to the surface. We drilled a 7-7/8 hole ^{to 2 T.D.} ~~through a TV~~ of 3891 feet and set 5 1/2 inch casing at the bottom at 3891 feet. We

Handwritten:
12-8-65

cemented this 5½ inch production casing with the equivalent of 455 sacks of neat cement, which brought it back to a calculated top of 2120 feet. Now, in the course of completing this well, we tested the lowermost producing interval of the Eutaw zone which we designate as the "G" sand, and tested some -- and that's the perforation shown at the bottom there at 3266 feet -- tested some 24 barrels of oil and 94% water. We set a plug which consisted of a cast-iron bridge plug at 3250 feet, capped that with five feet of cement which we dumped in on top of the plug, and perforated from the 3204-15, 3321-27 and 3231-36 feet, in what we designated as the "E" and "F" sands of the Eutaw group. Now, this is the producing interval that is now open in the well which tested at 59 barrels of oil per day and 75% water, and this is the one that we propose to produce initially.

CHMN. HANBY: When did you do that? When did you perforate at 3204, how long ago?

MR. BATES: Oh, this has been within about the past six weeks.

CHMN. HANBY: What gravity of oil?

MR. BATES: It's 17.1 gravity.

MR. LaMOREAUX: Mr. Bates, what was the percentage of salt water? I missed that.

MR. BATES: 75%. The well is on pump. We have tubing, 2½ inch tubing swung open ended, as you see there in A-23, and have a red pump unit.

MR. WHITE: Mr. Bates, what is the current producing well, the Rex Alman #2, producing in oil and water?

MR. BATES: It's making... it varies between 14 and 18 barrels of oil a day, about 96 to 98% water.

MR. WHITE: Thank you.

MR. THOMPSON: Any other questions?

CHMN. HANBY: Any other questions?

(No response)

CHMN. HANBY: I believe Mr. Britton has one.

MR. BRITTON: I believe you have pumps set on there -- you're pumping oil out of it?

MR. BATES: No. The well is shut in. We received the approval from the Supervisor to test the well, which we did, and upon completion of the test, getting a stabilized production range, the well was shut in and is still shut in, waiting for approval of the Board.

CHMN. HANBY: Any other questions?

MR. WHITE: I have none, Mr. Chairman.

CHMN. HANBY: If there are no objections then, Exhibit 2 will be received in evidence.

MR. THOMPSON: Mr. Chairman, I offer in evidence this Exhibit marked No. 3. It appears to be the "East Gilbertown Salt Water Disposal System #1, Well #2," to pertain thereto.

(Mr. Thompson distributed copies to Board Members)

MR. THOMPSON: I'd like for you to comment on this exhibit.

MR. BATES: This exhibit is nothing more than a copy of a strip of the log, record log, that we ran on the East Gilbertown Salt Water Disposal Well #1 which we're asking to become the Rex Alman #4. On the left is shown the intervals with the depth from that particular well. On the right is shown the intervals as to the #2 well that we're asking to deepen or that we expect... the depth that we expect to find on a deeper horizon. Just briefly on this, this does depict the top of the Eutaw and the base of the "G" sand and does show the producing interval that we have completed in that well. Again, that is in the Rex Alman #4 or proposed Rex Alman #4 Well. That also shows the lowermost intervals that were logged below the base of the producing sands for the field, and we are asking for approval to inject into any of the salt water bearing sands below the base of the "G" sand, and as depicted on here, our proposed injection interval, which I'll have on another exhibit here, but it will be

roughly from 3555 to 3595 feet. That is the initial perforation we propose to make for injection of salt water into the Rex Alman #2 Well.

CHMN. HANBY: What is the depth of the #2 well now? What was the producing depth of that well?

MR. BATES: The depth of the #2 well, I'll cover here in another exhibit, but it is at 32, well, we have casing set at 3300 feet, and the producing interval in this particular well is at 3295 feet.

MR. THOMPSON: Do I understand you rightly to say to the Board that the Rex Alman #2 Well is presently producing from the Eutaw sand?

MR. BATES: Right.

MR. THOMPSON: And should the Board grant the authority sought herein by Humble, the new well, Rex Alman #4, will be producing the same?

MR. BATES: That's correct.

MR. LaMOREAUX: Mr. Bates, the other part of your permit relates to the injection well. Are you going to inject the salt water into the same formation that you're producing oil from?

MR. BATES: No.

MR. LaMOREAUX: What formation?

MR. BATES: Inject into it? I'd have to let our geologist answer what particular formation that it might be. It is a salt water bearing formation which would be below the base of the Eutaw.

MR. THOMPSON: Is that or not the purpose in seeking authority to deepen that Rex Alman #2, to get down to that salt water bearing sands for injection purposes?

MR. BATES: That's right.

MR. LaMOREAUX: Can you tell us what the chlorides are in the sand in the lower horizon that you intend to inject?

MR. BATES: I only could give you a range on it. We have not run any chlorides specifically from it.

MR. LaMOREAUX: Could you give me that range?

MR. BATES: The range would probably run anywhere from 50,000 to 75,000.

MR. LaMOREAUX: That's parts per million?

MR. BATES: Right.

MR. LaMOREAUX: And that's based on interpretation of your electric log?

MR. BATES: Right.

CHMN. HANBY: Now, as I understand it, you never did inject salt water disposal in the well formerly Salt Water Disposal Well #1?

MR. BATES: That's right. We never did even perforate it for injection.

CHMN. HANBY: Did you deepen it? Was it deep enough to receive the salt water?

MR. BATES: Yes. We drilled it to... I'll have to refer you back to Exhibit No. 2. We drilled it to 3891 feet, and, of course, we're proposing to deepen the No. 2 Well to a depth of 3850 feet, so we actually drilled this well not deep enough that we're proposing to deepen the well.

MR. THOMPSON: Do you have any other exhibits, Mr. Bates?

MR. BATES: I have one more exhibit.

CHMN. HANBY: Are there anymore questions? Let's see, that's Exhibit No. 3. If there are no objections, we will receive Exhibit No. 3 in evidence.

MR. THOMPSON: Mr. Chairman, I offer in evidence the Exhibit marked No. 1 to the testimony of Mr. Bates. Mr. Bates, would you explain this exhibit to the Board?

MR. BATES: This is a schematic of the completion of the Rex Alman #2 Well, which we propose to deepen and designate as East Gilbertown Salt Water Disposal System Well #2. This well was initially completed on November 17, 1946. It is an old well. It's been producing for quite a number of years. The well at the present time has 10-3/4 inch casing set at 351

feet and cemented to the surface. The well was originally drilled and the 7 inch casing set to a depth of 3300 feet. Now, the calculated top of the cement outside the 7 inch casing is at 1938 feet. Now, the existing perforation in this well which is the producing interval, this well is currently producing at the present time. We propose to shut this well in after we receive approval. Of course, the other well, the new well that we drill will be...

MR. GLAZE: What is this producing now?

MR. BATES: It's making 14 to 18 barrels of oil per day, about 96 to 98% salt water.

MR. BRITTON: Let me ask you this question. How many wells will your proposed salt water injection well accommodate?

MR. BATES: It will serve all of Humble's wells in the field.

MR. BRITTON: How many, roughly?

MR. BATES: It's almost too many for me to count. However, I believe it's about 17.

MR. WHITE: 16 or 17.

MR. BATES: I might comment a little further on that. The Carter Oil Company owned and operated this prior to their merger with Humble, had a system in the field, and we are in the process of rebuilding that system. We'll have all of our

tank batteries tied in leading to one central location for the salt water to be injected. Our ^{present} ~~parent~~ perforations in this well are from 3190 to 3295 feet. We propose to deepen this well below the 7 inch casing seat to a depth of 3850 feet and to set a 5 inch liner, bringing the top of the liner above the existing perforations that are open, and of course, cementing behind the line. HKS
12-8-65

MR. BRITTON: How much deeper do you propose to drill that well?

MR. BATES: To 3850 feet.

MR. BRITTON: And it is now...

MR. BATES: It is now with [?] ~~7~~ inch ^{seated} casing sealers at 3300 feet. That means we will be bringing our 5 inch liner top back up inside the 7 inch casing above the existing open perforations. HKS
12-8-65

MR. BRITTON: I wonder what might be your attitude if you drill about half that distance and find oil down there. How long would this State have a salt water injection well, is the point I'm trying to make.

MR. LaMOREAUX: Believe me, if they had oil down there, they'd start something.

MR. BATES: The proposed interval for injection as shown on this particular exhibit would be our initial interval from

3555 to 3595, and we picked that from the log that we got on the well we drilled for a salt water disposal. We're proposing this as the initial interval with that condition in order for us to keep our injection rate up.

CHMN. HANBY: Any other questions?

MR. WHITE: I have no further questions.

MR. LaMOREAUX: I'm just very pleased to see the company presenting the proposal for salt water disposal. It's a good step for the Gilbertown Field and I commend these gentlemen and their company for taking that step.

CHMN. HANBY: Do I have any recommendation of the staff?

MR. BRITTON: I'd like to ask one more question, and that is, what disposition is being made of salt water at this time?

MR. BATES: The salt water at this time in the Gilbertown Field is going into open pits where some of it might by evaporation...

MR. LaMOREAUX: A large percent of it is going into the creeks in the area.

MR. THOMPSON: Just one more question for the record.

CHMN. HANBY: All right.

MR. THOMPSON: Mr. Bates, in your opinion, would the drilling rights of all parties be protected by Humble's

drilling right in this application if Humble is granted this application?

MR. BATES: Yes sir.

MR. LaMOREAUX: Let's discuss this in executive session.

CHMN. HANBY: Is there anything further that you wish to discuss?

MR. THOMPSON: I believe that's it.

MR. LaMOREAUX: This is a good move and we're proud of you.

CHMN. HANBY: We'll take the matter under consideration and let you hear from us. Gentlemen, the next item on the agenda is Item No. 4:

"Petition by David K. Brooks & Associates
to approve and establish the:

"NW/4 of S21, T6N, R4W,
Washington County, Alabama,
containing 160 acres more or less

"as an oil drilling unit in Washington County,
Alabama; and to approve the location of an
oil well in said drilling unit as being:

"1970' SNL & 1995' EWL,
S21, T6N, R4W,
Washington County, Alabama

"and to designate said well as the Jesse R.
Williams #1."

Does anyone here represent the petitioner?

MR. BROOKS: I represent the petitioner, sir.

CHMN. HANBY: Will you state your name and position for the record, sir?

MR. BROOKS: David K. Brooks, operator.

CHMN. HANBY: Mr. Brooks, do you have any witnesses to testify?

MR. BROOKS: No sir. My witnesses couldn't make it today. I have a letter from an engineer on this matter.

CHMN. HANBY: You have no witnesses?

MR. BROOKS: I have no witnesses.

MR. WHITE: He might be appearing as a witness. He'll be a witness.

CHMN. HANBY: Are you going to testify?

MR. BROOKS: I'll be a witness, yes sir.

CHMN. HANBY: 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. All right, Mr. Brooks, you may proceed.

MR. BROOKS: Gentlemen, this area is one in which a deep well was drilled in 1948 by the Humble Oil and Refining Company which went to a total depth of 15,659 feet. The well took about seven months to drill and it penetrated the Smack-over or most of the Smackover formation according to what they

thought in these days, and I don't think anyone can effectively say that it was not the Smackover. In 1964, my associates and I reentered this well.

MR. GLAZE: What year?

MR. BROOKS: 1964, and tested the equivalent to the Citronelle producing horizon, which is the Rodessa Sligo zone. We set the casing in this well down to a total depth of 9600 feet. We thought we had something in that well, but it was later determined that the show of... a little show of oil and gas that we had there was from a deeper depth. That was determined after we drilled, in this same area, a well three-quarters of a mile away, which was structurally quite similar to the Humble well and which had no shows of oil or gas in the Rodessa Sligo section. My associates and I now want to go down to test these lower zones in this old Humble well by setting casing to the depth of approximately 15,000 feet. We know that they had some oil and some gas at that lower zone. They attempted to test it by coring it. The old type core valve that they used did not recover the more porous and permeable parts of the strata and the drill stem test has been made of this old well, which was only one drill stem test made at 14,700 feet, approximately. It was a failure probably due to mechanical reasons. We think that there is a good possi-

bility that this will be productive. We likewise think that the sands in the Cotton Valley located at 12,200 and 12,300 feet in this same hole have a chance of being productive. The petition that I have before the Board is to allow us to pool 160 acres into a unit in order to make a pattern of development that will be economically feasible. To develop on a smaller pattern for oil would not be feasible due to the great cost of drilling these deep tests. The Humble spent approximately one million dollars drilling this well in 1948. Costs have risen since then, but so has knowledge of drilling improved, so that we think that the wells could now be drilled and completed in this zone for somewhere in the neighborhood of \$300,000 for a single completion and perhaps \$350,000 for a dual completion. It is necessary to attract very large sums of money to drill wells to this depth and we need to have the larger spacing in order to make this kind of operation economically feasible. By comparison, the Citronelle wells are usually drilled to a depth of 11,500 feet and they usually cost about \$175,000 to \$200,000, some of them a little higher, to complete as producers, and on 40-acre spacing, this is not very sound economically. We will be going to much greater depths and to much greater expense. As a matter of fact, the surface casings that we will have to set will be down to

around 3900 feet. To drill to these deeper depths, in order to protect us from having cave-ins, we have to spend much greater sums to protect the hole close to the surface, and then, of course, when you get deeper, you naturally have to have a much bigger rig to take care of the much heavier loads that the pipe will carry. So economically speaking, we need 160-acre spacing for oil and I would like to also get 640-acre spacing approved for gas in this area because if we get gas wells, why, one gas well will drain 640 acres. Now, in Mississippi, there are only about three Smackover discoveries. One of them is a one-well field which was drilled about two years ago, Bienville Forest. Subsequent wells in that area have proven to be dry. There's only one field with any long history behind it, which is the Loring Field (phon.) which has two wells. Those wells are gas ^{distillate} ~~district~~ wells, that is, they produce both gas and oil, and they are unitized. The whole field is unitized to those two wells. Actually, they would have been drilled on 160-acre... on 640-acre spacing, which is the pattern for gas in Mississippi. That's my understanding. I think that's true. There have been one or two recent discoveries of Smackover oil over there, but they have no history behind them, but industry is not inclined, particularly people in the oil business are not inclined to drill

more wells than are necessary down to this great depth. I have the job of attracting... I have gotten about a quarter of this venture already financed. I still have to finance about three-quarters of it by selling interests. I can't sell them on the basis of spacing that now exists, that is, 40-acre spacing. It is necessary to get the larger spacing. As I understand it, the Board has the right to set spacing and also if they have petitions that are supported by affidavits from everyone who is interested, they will set spacing, say, just because all of the people agree to it. In this instance, we can't get the latter within the time that I have allotted under my leases. My leases would run out before I could get approval of all of the landowners, all of the mineral holders, not the landowners, but the mineral holders in this area. Some of them live in England. Some live in Texas and in various parts of the United States. It would be very difficult to explain to all of these people what we're trying to do and the necessity for it, and while I was trying to do that, I wouldn't have time to raise the money that I've got to raise. My leases, some of which I only have for a short time, would expire, and this area would then go dormant. I couldn't operate under the circumstance or under the idea of getting everyone's permission. However, in my leases, all of our leases state

that if the Board prescribes a spacing pattern, why, the leases go according to what the Board prescribes and most of my leases say nothing about size whatsoever of the pooled unit except that they go according to what the Board sets; whatever ruling the Board makes is the ruling that we abide by. Now, in the way of engineering as far as the drainage is concerned, my engineer in this area will be M. E. Norman, who has written a letter to the Board recommending from an engineering standpoint as well as economics, this wider spacing. Would you care for me to read his letter?

CHMN. HANBY: I don't believe we could accept it in evidence. He'd have to be here to testify.

MR. BROOKS: He would have to be here to testify?

CHMN. HANBY: Yes.

MR. BROOKS: You couldn't accept his letter? He was going to come over, but at the last minute, something came up. He is operating a field and something came up in the field, which is the Warsaw Field in Mississippi. Something came up in the field that he had to attend to today and he could not come up. The zone that we are going to test is shown on this log which is blown up to a larger scale. Would you care for me to present this as an exhibit?

CHMN. HANBY: Yes, if you wish to.

MR. BROOKS: Yes sir, I would like to. This is the Smackover lime.

(Mr. Brooks presented copies of the document to the Board Members)

MR. BROOKS: This zone at 14,700 feet down to about 14,730 feet on this log is the zone from which the oil came out of the hole and contaminated the mud. That was the time they pulled the pipe out of the hole, the report is, and the log verifies that. One log is on the right-hand side of this column where it says "Mud contaminated with free oil in all returns." That is the... after they passed through this 14,700-foot zone, every time they would pull the pipe out of the hole, the oil would come out on the pits and it is that zone that we are most interested in. The cores of that zone also showed some evidence of oil, good oil odor and a glow of good blue fluorescence. Would you care to take a look at this core record opposite those core descriptions?

MR. HARRIS: Do you expect to offer that as an exhibit?

MR. BROOKS: Yes. I can offer that as an exhibit, too.

CHMN. HANBY: Let's see, now, did you prepare this or was it prepared under your direction?

MR. BROOKS: No. These are records which came from the Humble Oil Company from their core descriptions of this well.

MR. LaMOREAUX: Mr. Brooks, do you have another copy?

MR. BROOKS: I have three copies of that. The electric logs are on file. These, of course, are just excerpts from the electric log and excerpts from the mud log of that well.

MR. LaMOREAUX: What Mr. Brooks has done is take the electric log here and have a blown up section of that part of the electric log that's shown here. It's shown over here the geologist's description, the drilling type log and the oil-gas information.

CHMN. HANBY: Well, the question I have, are these three items all of record here?

MR. LaMOREAUX: No, the only records that we would have, unless just voluntarily the company supplied additional records, would be the electric log. That's why I asked. I didn't know whether we had the file here on this well or whether it was over there.

MR. TUCKER: We don't have the core analysis.

MR. LaMOREAUX: We do not have the core analysis. We only have the electric log and we probably have the samples.

MR. TUCKER: Yes.

MR. WHITE: We might have some of the cores.

MR. LaMOREAUX: We might have some of the cores downstairs, but this is company material and I expect Mr. Brooks

obtained this from the company files.

MR. BROOKS: I did, yes. That is not published information. Now, gentlemen, this area has been drilled with three wells down to the Redessa zone, which is the Citrenelle producing zone. One well was drilled by my associates and myself last... earlier this year, which was drilled on the Scott land, Section 28.

MR. GLAZE: How far is...

MR. BROOKS: Three quarters of a mile from this place. Another well was drilled, Section 14, 6 North, 4 West, about eight years ago by the Zach Brooks Drilling Company and...

CHMN. HANBY: Were they drilled on 40-acre spacing?

MR. BROOKS: Well, they were drilled on governmental 40's, yes sir, which is what I drilled on, too, down to that depth. This area, we think, has been tested not only with these three wells through the Redessa section, but also by four other wells in this area which went down to the Lower Tuscaleosa to a depth of approximately 7,000 feet, and no shallow production, no production down to the Redessa Slige to and including the Redessa Slige formation has been found. Therefore, what we're talking about, as far as pooling is concerned, is only the deeper formations, the Cotton Valley and the Smackover.

MR. BRITTON: Did you distinguish what the results were

from the drilling of the well that was three-quarters of a mile from this well here that you propose to deepen?

MR. BROOKS: Did I what, sir?

MR. BRITTON: What were the results, or did you state, from the well that you drilled this year, I believe you said this year, or was it last year?

MR. BROOKS: It was a dry hole. We had no shows of oil in there, or gas, down to the depth that we went, which was equivalent to the zones that are producing in Citronelle.

MR. BRITTON: Did I understand you to say there had been three or four other dry holes in that area?

MR. BROOKS: There have been two other wells that have gone to the Redessa formation. One is this deep well. One is Zach Brooks #1 Latham (phon.) which went into the Redessa, but it was off-structure somewhat. It was about three to four miles away from the center of the structure, and I don't believe that it would be considered a fair test of the zone. It went to 10,226 feet.

MR. BRITTON: I believe you said that you had sold about 25% enough stock, or whatever you call it, to finance this operation?

MR. BROOKS: I have associates who are with me in this venture who have agreed to pay their proportionate part of the

cost of this, which is about 25% of the total cost of the well.

MR. GLAZE: What do you estimate the cost?

MR. BROOKS: The cost of the new well?

MR. GLAZE: No, I meant this.

MR. BROOKS: This? I estimate this cost...

MR. GLAZE: \$300,000?

MR. BROOKS: No, no, this operation to go back in this old hole, if we can do it, that is, unless we have some condition in the hole which makes it impossible to or impractical financially to do, why, it will cost in the neighborhood of \$150,000 to go back in this hole and set casing and try to complete it. Now, actually, that cost, I'm adding on to that cost a lee-way factor for safety and I'm also adding the cost of some of my leases, the actual engineer's cost of the actual job. Without any trouble, we figure to run \$122,550.

MR. GLAZE: You mentioned a moment ago a cost of \$300,000. What was that? I didn't...

MR. BROOKS: Yes. That is to drill. That would be an estimated cost of drilling and completing a well to this particular zone, a new well to this particular zone.

MR. GLAZE: You mean 14,000...

MR. BROOKS: 14,750 feet.

MR. GLAZE: And what did you say this well originally

cost?

MR. BROOKS: About a million dollars.

MR. BRITTON: In '48?

MR. BROOKS: In 1948.

MR. BRITTON: Now, let me ask you this question, if I may. I just want to get this thing clear in my mind. The reason that you're before this Board here is because you propose to enlarge this thing from 40 acres to 160 on oil and 640 on gas in an effort to attract capital?

MR. BROOKS: That is right, sir, and so that if we find something, we can profit out of it, not just the landowners. We want the landowners to...

CHMN. HANBY: Does your location now include 640 acres on...

MR. BROOKS: No sir, it does not. I would like to get an emergency ruling to that effect, if it's possible to do so.

CHMN. HANBY: I think you'll have to redo it. You see, you have to advertise it.

MR. BROOKS: I see.

CHMN. HANBY: In your petition, did you ask that in your petition?

MR. BROOKS: Now, I have talked with several of the landowners in this area, the larger landowners who are concerned

with this matter, and explained it to them. Mr. Jesse Williams, who owns about 1500 acres and whose land this well is on, says that it is perfectly all right with him. He says that he doesn't know anything about the oil business. It's my business and I'll be spending the money and whatever I want to do is all right with him. He says that 160-acre spacing for oil is agreeable, as far as he is concerned. Now, I've talked with the Scotts, who own 4,000 acres in this area, the largest landowner in the area. As a matter of fact, I spent all day with them day before yesterday. They called Mr. Harris and talked with Mr. Harris over the telephone, and at first they were not in favor of this spacing, I hadn't discussed it with them, and then after I explained it all to them, well, they were willing to the larger spacing.

MR. GLAZE: How close is the Boykin interest?

MR. BROOKS: Boykin has no land in this area that is affected by this geological area as we now think the area is, unless it would be on the edge, which would be, I would say, five miles away, as the field goes, over five miles from the center. Then it's possible it would be on some of Mr. Boykin's land.

CHMN. HANBY: His land is East of this, isn't it?

MR. BROOKS: Yes sir. His land is East. His associates

have a tremendous number of acres in this area, but it's all East. I don't think it's affected.

MR. GLAZE: You said about five miles?

MR. BROOKS: Yes sir. It isn't within this Township. Now, the acreage on the East side of the Township, I don't have much hope for. As a matter of fact, I haven't even leased any past the... Mr. Boykin's land doesn't even show on my map, as far as the land map.

MR. GLAZE: How close or how far are you from the Mississippi line?

MR. BROOKS: We're about five miles from the Mississippi line.

MR. GLAZE: That's all right, just approximately.

MR. BROOKS: Yes sir, about five miles East of the State line.

MR. HARRIS: Mr. Brooks, how much land within the 160-acre proposed spacing does Mr. Scott own?

MR. BROOKS: None within this.

MR. HARRIS: None in this particular...

MR. BROOKS: No. However, Mr. Scott is vitally interested because his will be... second ^{well} ~~land~~ will be on his land, in all probability, if we get a well here. He will be unitized anyway. Part of his land will be unitized, and he told

Alfred
12-8-65

me when it got to that point, he would come and appear before the Board as a witness in my behalf, so I think we have the support of the larger landowners and I haven't spoken to the smaller ones because that would require a tremendous amount of time. Now, the Humble Oil Company has in this area about 1400 mineral acres. They have leased to me 40 mineral acres that is the drill site and that surround the drill site, and Humble, I talked with them and they said that they... I talked to the head land man in Hattiesburg, Mississippi...

MR. GLAZE: They've leased you what, now?

MR. BROOKS: They've leased me 40 acres.

MR. GLAZE: And what around it, now?

MR. BROOKS: They have 1400 acres around it.

MR. GLAZE: They've leased you 40?

MR. BROOKS: Yes sir, that is, 40 mineral acres; actually, 160 surface acres, because their interest is one-quarter mineral interest.

MR. GLAZE: I see.

CHMN. HANBY: Who has the other mineral interest, do you know?

MR. BROOKS: Under this? No. They're English people. Jesse Williams has a quarter. He's the landowner. There are some people in England who have a 10-acre interest. There is

a preacher down there that has a 16-acre, 4-acre interest. There are people in Tyler and in Houston that have a half interest, quarter interest.

MR. GLAZE: How many acres with the owners in Alabama? You said some in Texas, some in England. Just roughly what percentage, what proportion?

MR. BROOKS: Within this 160 acres?

MR. GLAZE: Yes sir.

MR. BROOKS: I would say...

MR. GLAZE: Just...

MR. BROOKS: Under the drill site itself is one quarter, that is, the 40 acres that the well is on, it's one quarter. Under the... a quarter, less than 10 acres, which is a quarter under three quarters under the next 40. On the 40 West of that, it's about half. Now, on the 40 in the Northwest Quarter, it's about 10%.

MR. HARRIS: You meant who owned that, did you not?

MR. BROOKS: So I would say a total of about 25%.

MR. GLAZE: Owned by Alabama people?

MR. BROOKS: Yes sir, a little bit more than 25% is owned by Alabama people.

MR. GLAZE: That would be local people, wouldn't it?

MR. BROOKS: That would be... principally, it's Jesse

Williams, who lives on the land. Here is the map there.

(At this point in the proceedings there was
an off-the-record discussion between Mr.
Brooks and Board Members)

There's an estate in here that owns a 10-acre interest and that estate is... one of the estate is in the penitentiary and two in Mobile and one lives in... so roughly speaking, it's a quarter interest, mostly Jesse Williams. He has agreed to it.

CHMN. HANBY: Do you at this point have an assignment of the Humble Oil interest?

MR. BROOKS: I have a lease, an agreement from the Humble, yes sir.

CHMN. HANBY: That's all right, you needn't show it, just testify.

MR. BROOKS: Yes sir, I do have.

CHMN. HANBY: And that is a quarter interest in the 160 acres?

MR. BROOKS: That is a quarter interest under most of the 160 acres, yes sir, not the whole of the 160 because you see these non-residents in here from various places. Humble is not under... Humble is only under Jesse Williams' land.

CHMN. HANBY: That's all right. You needn't get it out. Is there anything else?

MR. LaMOREAUX: I'd like to ask our engineer regarding the permit. Now, this well was drilled in 1948 and there is an original file and permit and other pertinent papers. Now, is the permit in order?

MR. WHITE: It is, except for Mr. Brooks' bond. It's countersigned or co-signed by Mr. Bianci (phon.), who, I understand, is still somewhat of his associate in this venture, but if Mr. Bianci objects to being on the bond, Mr. Brooks can have him removed by a letter from the bonding company directed to me.

MR. BROOKS: He is not interested directly. Mr. Bianci is not interested. In other words, he's not putting up any money.

MR. WHITE: Then I would suggest you have Mr. Bianci and the bonding company direct a letter to us.

CHMN. HANBY: Is that a blanket bond?

MR. WHITE: No sir, a single well bond.

CHMN. HANBY: How long has that been in...

MR. WHITE: In 1964, when Mr. Brooks reentered the well.

MR. BROOKS: Yes.

MR. LaMOREAUX: We have one other piece of correspondence regarding this well that perhaps should be read into the record, if that's the desire of the Board.

CHMN. HANBY: All right.

MR. LaMOREAUX: It's addressed to the State Oil and Gas Board, University, Alabama, and it's dated August 18, 1965:

"Gentlemen:

"Mr. David K. Brooks has been here most of the day. Some few years ago, my family donated him 3,000 acres of leases and I got some friends to donate him some other leases. We are on a deal to agree with him on 160-acre spacing, but for the time being and until the papers are signed, we wish to vigorously protest the granting of 160-acre spacing on the Jesse R. Williams location or thereabouts. I make the above statement without prejudice because we are going to attempt to work out a deal with Mr. Brooks. We have always found him to be an honorable man, and the main factor in mind is we don't have time to work out the details of our trade before your meeting on August 20. When our agreement has been completed, if it is, I shall either write you again or come to the meeting with him on behalf of my family and my friends.

"Yours very truly,

"Howard Scott."

CHMN. HANBY: That was dated when?

MR. LaMOREAUX: August 18.

CHMN. HANBY: 1965?

MR. LaMOREAUX: Yes sir.

MR. BROOKS: In view of this protest by Mr. Scott, I would be willing to wait until the, what is it, September 17th meeting?

MR. LaMOREAUX: Yes sir.

MR. BROOKS: So that we can... rather than have any controversy, which apparently this would inject into it, it gives the opinion that he doesn't want this to go through at this time, and inasmuch as he does not want this to go through now, why, I will request the Board to defer your decision in this matter until the September 17th meeting.

MR. LaMOREAUX: You would like then to readvertise for the 640-acre spacing for gas also?

MR. BROOKS: Yes.

MR. HARRIS: On a revised petition?

MR. BROOKS: On a revised petition, right. Is there anything else that you have?

MR. LaMOREAUX: No, that's all the correspondence we have. No further questions.

MR. WHITE: Would you, Mr. Brooks, furnish us with a revised petition setting out exactly what you purport to...

MR. BROOKS: Yes.

MR. HARRIS: When Mr. Scott called, he told me partially what he said today.

MR. BROOKS: He's objecting, as I understand it, to the granting of this petition?

MR. LaMOREAUX: That's what it sounds like.

MR. BROOKS: I don't want to do anything that would be... I don't want to proceed with it then until we have the full cooperation of Mr. Scott.

CHMN. HANBY: Well, then it's my understanding that you request the Board to readvertise your petition and amend it also by requesting 640-acre spacing for gas, is that correct?

MR. BROOKS: Yes.

CHMN. HANBY: Is there any objection?

(No response)

CHMN. HANBY: All right, then. The staff is instructed to readvertise the petition.

MR. HARRIS: Mr. Brooks, you'll have to get the petition in, first.

CHMN. HANBY: You can take these exhibits, as they were not introduced in evidence. Gentlemen, that brings us down now to the approval of the May 21, 1965 minutes.

MR. LaMOREAUX: They have been read, Mr. Chairman, and are in order. I assume that the Board Members have read them.

CHMN. HANBY: I have read them and they're in order, according to the Board Members. So far as we're concerned, we recommend that they be approved.

MR. BRITTON: It's so moved.

CHMN. HANBY: It's been moved and I second the motion

that the minutes of May 21, 1965 meeting be approved. Those in favor, let it be known by saying "aye" -- opposed, "no."

(All Board Members voted "aye")

CHMN. HANBY: The "ayes" have it. The minutes are approved. The next item on the agenda is labeled "Open Session." We'll be glad to hear from anyone in the audience or anyone present on any matter that might be of interest to the Board or to you as an individual or as a company. We're very happy to have you gentlemen present this morning and want to congratulate you on the manner in which you presented ~~your~~ respective petitions and cases. I think I speak for the Board in welcoming you before the Board at anytime you have any business, because that's what we're anxious to see, we want to help anyway we can. Is there anyone here that has anything to say?

(No response)

CHMN. HANBY: Our normal procedure, after we have heard the testimony on the different petitions before the Board, is to either make a decision after the hearing of the petition or the testimony or in some cases we take it up and discuss it in special session, executive session, so if there's nothing further to come before this open session, we will now temporarily adjourn the meeting, and it being 12:00 o'clock,

I think we can adjourn for lunch. We'll come back, say, at 1:30 to go into executive session, and then when we finish that, we will go back into our regular session and give our decision in the one case that's pending. So at this time, we will recess... wait a minute, if you gentlemen will wait outside, maybe we could have a little session right now and let you go.

(At 12:05 P.M., August 20, 1965, the Board recessed the regular session to go into executive session.)

(At 12:12 P.M., August 20, 1965, the Board reconvened the hearing in regular session.)

CHMN. HANBY: Let's ask them back in. Let the record show that the Board is now back in session. We have taken up and considered the matter contained as Item 3 on the agenda, which was the petition by Humble Oil & Refining Company to complete an oil well known as Rex Alman #4 and then to convert a well known as Rex Alman Well #2 into a salt water disposal well. We've heard the evidence and we've considered the petition and the exhibits introduced. What is the feeling of the Board?

MR. BRITTON: I move that Item No. 3 on this agenda be granted.

MR. GLAZE: I second the motion.

CHMN. HANBY: It's been moved and seconded that the item

listed as No. 3, which is the petition of the Humble Oil & Refining Company as set out on the agenda, 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 and the petition is granted.

MR. LaMOREAUX: Thank you, gentlemen.

CHMN. HANBY: We wish you luck, gentlemen.

MR. THOMPSON: Thank you.

MR. BATES: Thank you.

CHMN. HANBY: Now we will recess for lunch.

(Whereupon, at 12:15 P.M., August 20, 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 State Oil and Gas Board of Alabama in Regular Session on August 20, 1965, in Tuscaloosa, Alabama, to the best of my knowledge and belief.

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