

Swain
1-4-72

I N D E X

<u>WITNESS</u>	<u>DIRECT & REDIRECT</u>	<u>CROSS & RECROSS</u>	<u>EXAM. BY BD/STAFF</u>
1. Gene W. Snell (informal statement)	8-16	--	--
2. Harry Spooner	17-22 24-27 50-53 68-70 79-82	35-42 71	22-23 28-34 56-60 64-68 70 82-84

E X H I B I T S

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STATE OIL & GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

March 15, 1972

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 15th day of March, 1972.

BEFORE:

BOARD MEMBERS

Mr. Drexel Cook.....Chairman
Mr. E. O. Eddins.....Associate Member
Mr. Julian Maddox.....Associate Member

BOARD STAFF

Mr. Philip E. LaMoreaux.....Secretary & Supervisor
Mr. Gene White.....Chief Petroleum Engineer
Mr. Boyd Bailey.....Geologist
Mr. Donald Moore.....Geologist
Mr. Thomas Watson.....Attorney

(Reported by Lou M. Chambers)

A P P E A R A N C E S

<u>NAME</u>	<u>REPRESENTING</u>
1. Thomas J. Holifield.....	Pruet & Hughes Company Laurel, Mississippi
2. Harry Spooner.....	Pruet & Hughes Company Jackson, Mississippi
3. Gene Snell.....	Clinton Oil Company Jackson, Mississippi
4. J. B. Johnson.....	Ala. Petroleum Council Montgomery, Alabama
5. James J. Britton.....	Ala. Chamber of Com- Montgomery, Alabama merce
6. Paul Grubs.....	Elliott Estate Mobile, Alabama
7. Curtis A. Cooper.....	Elliott Estate Mobile, Alabama
8. John C. Elliott.....	Elliott Estate Toxey, Alabama
9. Charles S. Street.....	Elliott Estate Mobile, Alabama
10. Glynn Buckner.....	Strata Drilling Company Corpus Christi, Texas
11. Gorman K. Perkins.....	 Lamar County, Alabama
12. Mrs. Harry Spooner.....	Visitor Jackson, Mississippi

P R O C E E D I N G S

(At 10:00 A.M., March 15, 1972, the hearing was convened in Regular Session)

CHMN. COOK: Shall we come to order? Mr. LaMoreaux will lead us in prayer. Will you stand, please?

(A prayer was offered by Mr. LaMoreaux)

CHMN. COOK: Mr. Supervisor, has this meeting been duly advertised in accordance with the statute?

MR. LaMOREAUX: Mr. Chairman, the meeting has been legally advertised in accordance with law, and I will transmit at this time a notice of the meeting to the recording secretary.

CHMN. COOK: Thank you, sir.

NOTICE OF MEETING

"The State Oil and Gas Board will hold its regular monthly meeting on Wednesday, March 15, 1972, at 10 a.m. in the Board Room of the State Oil and Gas Board Building, University Campus, Tuscaloosa, Alabama, to consider the following petitions:

"1. Petition of Pruet and Hughes Company, a foreign corporation but authorized to do and doing business

in the State of Alabama, for reformation of a drilling unit for Pruet and Hughes Company - Louise Locke Unit 10-14 No. 1, from the SE/4 of SW/4, Section 10, Township 10 North, Range 2 West, to the East Half of SW/4 Section 10 and the NE/4 of NW/4 of S15, Womack Hill Field, Choctaw County, Alabama.

"2. Petition of Pruet and Hughes Company, a foreign corporation but authorized to do and doing business in the State of Alabama, for permission to drill a well at the following off-center location:

"Pruet and Hughes Company -
Pelto Oil Company Louise Locke
Unit 15-2, No. 1, 2280' FEL,
190' FNL, S15, T10N, R2W,
Womack Hill Field, Choctaw
County, Alabama

"The Board reserves the right to

prorate in the event the above described well becomes a producer.

"3. Petition of Pruet and Hughes Company, a foreign corporation but authorized to do and doing business in the State of Alabama, for permission to drill a well at the following off-center location:

"Pruet and Hughes Company
Casey Estate Unit 25-6, No. 1
300' W and 100' S of Center
SE/4 NW/4, S25, T11N, R4W
Choctaw County, Alabama

"The Board reserves the right to prorate in the event the above described well becomes a producer.

"Petitions before the State Oil and Gas Board of Alabama must be represented in person by the petitioner or by his duly authorized agent. In the absence of such representation, the petition before the

said Board will be subject to dismissal.

"The Board was established by an act of the Legislature of Alabama in the regular session of 1945, an act that became effective May 22, 1945.

"The public is invited to attend this meeting.

"Philip E. LaMoreaux
State Geologist
Oil and Gas Supervisor"

CHMN. COOK: Are we ready now to take up the first item on our agenda?

MR. LaMOREAUX: The first item on the agenda is...

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

CHMN. COOK: It's the wish of the Board at this time to delay going into the advertised agenda, and to ask Mr. Snell who has got a matter of emergency to discuss with the Board, to ask you to come forward

and... we understand you've got a plane that leaves right away?

MR. SNELL: Yes sir.

CHMN. COOK: If you want to come forward now, the Board will be pleased to hear you, sir. Mr. Snell, you know the procedure. If you will, introduce yourself to the...

MR. SNELL: Yes sir. I'm Gene W. Snell, representing Clinton Oil Company in Wichita, Kansas on a matter...

MR. LaMOREAUX: Mr. Snell, are you going to make sworn testimony?

MR. SNELL: Yes, I have exhibits prepared.

MR. LaMOREAUX: Raise your right hand.

(Witness was duly sworn by
Mr. LaMoreaux)

MR. LaMOREAUX: Let the record show that he was sworn in by the Secretary.

CHMN. COOK: Now, Mr. Snell's qualifications have been accepted previously by this Board, so we can do without that. This is not being heard on the standard agenda. Proceed, Mr. Snell.

MR. SNELL: Thank you, Mr. Chairman.

GENE W. SNELL

appearing as a witness on behalf of Petitioner,
Clinton Oil Company, being first duly sworn, testified
as follows:

DIRECT TESTIMONY

Statement by Mr. Snell:

MR. SNELL: I'm appearing this morning for
Clinton Oil Company who is requesting the conversion
of their Gray Unit No. 1 in the Pollard Field, Escambia
County, Alabama, to a salt water disposal well.

At the current time, several of the wells
have shut down for production and the operator would
like to go in immediately and convert this well to
take care of all produced salt water and dispose in
the Eutaw section.

I have prepared or had prepared under my
direction several exhibits to go with this hearing,
the first of which, I can introduce these as Exhibit
1...

MR. WATSON: Mr. Snell?

MR. SNELL: Yes sir.

CHMN. COOK: Mr. Watson?

MR. WATSON: If I might interrupt, Mr.

Chairman. I will mark the exhibits and you can offer them for identification and at the conclusion of your testimony of the exhibits, individually move that they be received.

MR. SNELL: All right. Fine.

MR. WHITE: Mr. Snell, lacking a PA system, if you will, speak up so that the people at the end of the room can hear you.

MR. SNELL: Okay. Fine. The first exhibit I have is the affidavit of ownership and control which has been signed by Mr. C. D. Carter, Division Production Superintendent for the Clinton Oil Company.

I have coupled together, if I may admit these into evidence as one exhibit, the right of way and salt water disposal agreement which has been struck between the Clinton Oil Company and the landowner; a copy of the downhole electric log of the Clinton Oil Company, previously Stanland Oil Company, No. 1 Gray Unit showing the proposed perforating interval for salt water disposal; a completion data sheet which shows the downhole completion assembly, tubing, proposed perforations, bridge plug and packer, as well as the conversion routine that will be used on this well; a plat map

showing the location of the proposed salt water disposal well and the wells that it will service on the adjacent leases owned by Clinton Oil Company; and a structural map on top of the Marine-Tuscaloosa showing the location of producing wells in the subject area. This has all been coupled together as one exhibit, and I have two of those with others.

I have a copy of the electrical log of the Clinton Oil Company No. 1 Gray Unit, previously the Stanland Oil and Gas Company No. 1 Gray Unit, which is permitted on Alabama Permit No. 385. This electrical log is from the intermediate casing point down to its total depth at that time of 6338 feet. This shows the top of the Eutaw producing interval and the Tuscaloosa sand together with the proposed perforating interval.

CHMN. COOK: Now, counsel, you're labeling these exhibits?

MR. WATSON: Yes sir.

CHMN. COOK: Are you asking the Board now to receive these for the purpose of identification?

(No response)

MR. WATSON: Mr. Snell, are you asking the Board to receive these for identification?

MR. SNELL: That's correct.

CHMN. COOK: And that's Exhibits 1 through what?

MR. WATSON: 1, 2 and 3.

MR. SNELL: I have one more exhibit, and that exhibit is the production data from the Clinton Oil Gray Unit leases, St. Regis Paper Company A leases in the subject area. That is all the exhibits that I have.

CHMN. COOK: Mr. Snell requests of the Board that they receive these Exhibits numbering 1 through what?

MR. WATSON: 4.

CHMN. COOK: Numbering 1 through 4 for purposes of identification. If there's no objection, the Board will receive them as such.

(Whereupon, documents above described were marked for identification as Exhibits Nos. 1, 2, 3 and 4, respectively, to the testimony of Gene W. Snell)

CHMN. COOK: Let me ask a question of Mr. LaMoreaux. Now, the Board does have the right to hear Mr. Snell on an emergency basis even though it was not advertised as the rest of the agenda, is this correct?

MR. LaMOREAUX: Yes, you can hear his testimony.

CHMN. COOK: I see. All right, sir.

(Statement by Mr. Snell cont'd:)

MR. SNELL: I'll first go into the mode of recompletion for the subject Gray Unit No. 1 well which is anticipated by the operator.

This well was initially completed in 1952 producing approximately 105 barrels of oil and no water from an open hole section at 6,003 to 6,007 foot. It was worked over in 1953 by cleaning out, under-reaming and plugged back from 6,060 to 5,958 feet. It was again re-perforated over essentially the same producing interval, 6,004 to 6,006 feet, pumped only 38 barrels of oil and five barrels of water. The current status of the well, it has been shut in since 1967, producing two barrels of oil and 178 barrels of water on last production test.

The mode for recompletion of this well will be to move in and pull the rods and tubing from the well. We plan to set a cast iron bridge plug at approximately 5,600 feet and dump five sacks of cement on top of that interval to be sure the plug holds. We

then plan to go in and perforate the Basal Eutaw on top of the Tuscaloosa interval from approximately 5,370 feet to 5,390 and 5,415 to 5,440 feet. At this point we plan to injection test the well to determine what type of rates and pressures can be obtained by running tubing with a tension packer and loading the annulus between the tubing and the packer. We have discovered one thing this morning of significance in double checking the State Oil and Gas Board records, and that is this fact, that in referring to Exhibit 4,, the well log, which shows the anticipated completion interval in red...

MR. WATSON: Exhibit 3.

MR. SNELL: Exhibit 3? Excuse me. We find that the original top of the cement from the original completion is approximately 5,400 feet. The well was cemented with 300 sacks on initial completion when the 5 $\frac{1}{2}$ -inch casing was set and by volumetric determination this would be at a point approximately where the top of the cement is located. Modifying the plan which we have outlined, we will go in immediately after cleaning out the well to its plugged back TD and perform a block squeeze on this section. That is, we will go in

and set tools below and intermediate above and attempt to squeeze the interval from approximately 5,450 feet above to approximately 5,150 feet with approximately 400 sacks of cement. This will give, we feel, adequate protection to the injection interval that we propose, which is 5,300 foot plus and below, as well as sealing off any of the upper Eutaw which is not now sealed with a cement sheet.

After that operation, we then plan to go in and perforate our proposed interval, injection test, set a tension packer and put on injection for injectivity.

We feel that the zones that we've outlined in here from 5,350 down to approximately 5,500 are adequate for the volumes of approximately 4,300 barrels per day which we are going to have to get rid of on salt water injection.

That's the... does anybody have...

CHMN. COOK: Any questions on the part of the Staff?

MR. LaMOREAUX: Mr. Chairman, actually Mr. Snell is making this proposal in response to a request from the Staff. The Staff has very carefully evaluated

most of the testimony that he has presented and in essence it's in order. We have no further questions to ask of Mr. Snell. Since this is an emergency matter, I don't know that there would be anyone in the audience that would have any comment. We might ask for that. Once we have comments from anyone at the hearing, I would suggest that you take the matter under advisement.

CHMN. COOK: But there's no question about it being a matter of emergency?

MR. LaMOREAUX: No, it's a bona fide emergency in this situation.

CHMN. COOK: A bona fide emergency. Is anyone in attendance who appears in opposition to Mr. Snell's testimony?

(No response)

MR. LaMOREAUX: When you take the action, whatever you take with regard to this matter, it will be an emergency action and, of course, the matter will have to be properly advertised and heard.

MR. SNELL: Yes sir.

CHMN. COOK: Any questions?

MR. LaMOREAUX: The Staff has no further

comments.

CHMN. COOK: Any questions by the Board?
Does the Board have any questions?

MR. EDDINS: No.

CHMN. COOK: Is it the wish of the Board that
we take the matter under advisement?

MR. EDDINS: Yes. I'll make that motion.

CHMN. COOK: Mr. Eddins moves that we take
the matter under advisement. Is there a second?

MR. MADDOX: I second it.

CHMN. COOK: It's been moved and seconded
that the matter be taken under advisement. Those in
favor, say "aye" -- opposed, "no."

(All Board Members voted "aye")

CHMN. COOK: The "ayes" have it. The matter
is under advisement. Thank you, sir.

MR. SNELL: Thank you, sir.

(Witness was excused)

CHMN. COOK: Let's go to the No. 1 item on
our agenda, Mr. Supervisor.

MR. LaMOREAUX: Item No. 1 is:

"Petition of Pruet and Hughes
Company, a foreign corporation

but authorized to do and doing
business in the State of Alabama,
for reformation of a drilling
unit for Pruet and Hughes Company -
Louise Locke Unit 10-14 No. 1,
from the SE/4 of SW/4 Section 10,
Township 10 North, Range 2 West,
to the East Half of SW/4 Section
10 and the NE/4 of NW/4 of S15,
Womack Hill Field, Choctaw County,
Alabama."

Will those presenting this petition please come forward?

MR. HOLIFIELD: My name is T. J. Holifield
and I represent the petitioner. I have one witness,
Mr. Harry Spooner, and I'd like to have him sworn.

CHMN. COOK: Mr. Supervisor?

MR. LaMOREAUX: Will you raise your right
hand?

(Witness was duly sworn by
Mr. LaMoreaux)

HARRY SPOONER

appearing as a witness on behalf of Petitioner, Pruet
and Hughes Company, being first duly sworn, testified

as follows:

DIRECT EXAMINATION

Questions by Mr. Holifield:

Q State your name, please.

A I'm Harry Spooner.

Q Where do you live, Mr. Spooner?

A Jackson, Mississippi.

Q What is your profession or occupation?

A I'm a petroleum geologist.

CHMN. COOK: Mr. Holifield, Mr. Eddins advises that this gentleman has appeared before the Board previously and his qualifications have been accepted, if you want to waive that part of it.

MR. HOLIFIELD: Good. That was in the next question.

(Questions by Mr. Holifield cont'd:)

Q All right, sir. Mr. Spooner, I hand you a map here entitled "Womack Hill Field - Choctaw County, Alabama - Structure on Smackover" and ask you to please identify it.

A This is a structure map of the Womack Hill Field using the Smackover Limestone, the top of the Smackover Limestone as the datum. The units which

have been established in this field by the Board are...

Q Was this map prepared by you or under your direct supervision and control?

A That's correct.

Q Does it accurately portray what it is intended to portray?

A Yes.

MR. HOLIFIELD: All right. If the Board please, we'd like to offer this structure map on the Smackover into evidence as Exhibit 1 to the testimony of Mr. Spooner and asked that it be marked for identification purposes.

CHMN. COOK: Any objections?

(No response)

CHMN. COOK: If not, the Board will accept Exhibit 1 for the purpose of identification.

(Whereupon, document above described was marked for identification as Exhibit No. 1 to the testimony of Harry Spooner)

(Questions by Mr. Holifield cont'd:)

Q Mr. Spooner, will you please explain to the Board exactly what this map depicts?

A It shows the structure in the Womack Hill Field at Smackover depth. There is a large down to the south fault and an east-west trend and anticline on the upthrown side of the fault. We have attempted and have so far been successful in drilling the well near the crest of this anticline and by getting exceptions and drilling off-center locations in some instances. The existing units, units that have been established by the Board in the field are shown by the dashed line. We have four 120-acre units on the east side of the field and two 80-acre units on the west side of the field.

Q Mr. Spooner, what is the present limits of the Womack Hill Field as has been defined by the Board for that Section 9?

A Well, it's confined to the area that in which we show the existing units by the dashed line shows the area of the field, right.

Q So the Louise Locke 10-14 well is a productive extension of the Womack Hill Field, is that correct?

A That's correct.

Q Now, then this procedure here, you've got a permit on a 40-acre unit to drill the Louise Locke 10-14 well, do you not?

A That's right.

Q Now, then have you now drilled and completed this well?

A No, we have drilled the well and set casing for production, but the well has not been completed due to the well is in a wildlife refuge area and we have not gotten clearance for land. Our flow lines to the well from the wildlife people, the well has been under water from the Tombigbee River back water at different times and we haven't been able to get in there and complete the well, but the well has a substantial productive column as we'll show on our next exhibit.

Q All right, sir. In your opinion, will this well, if the Board grants this petition to create this 120-acre unit, will this one well drain all of the producible hydrocarbons under the unit?

A Yes.

Q Will it also protect the co-equal and correlative rights of all parties in interest?

A Right.

Q Are you familiar with waste as defined in the statutes of the State of Alabama?

A Yes sir.

Q All right, sir. Will the waste as defined in those statutes, will it be prevented by the formation of this unit from this one well?

A Yes sir, in my opinion, it will.

Q All right, sir. You say this is in a game refuge?

A Yes.

Q And there's a lot of water?

A It is a low area and it floods when the Tombigbee River is high.

MR. HOLIFIELD: I see. We tender the witness for any questions that the Board or the Staff may have as to this particular exhibit.

MR. LaMOREAUX: We have no questions.

CHMN. COOK: Any questions, gentlemen?

MR. EDDINS: One question.

CHMN. COOK: One question?

EXAMINATION BY BOARD OR STAFF

Questions by Mr. Eddins:

Q Does all this land belong to Mrs. Locke that

you're asking to put in this drilling unit?

A I'm not positive about that. I don't have a land map with me and I don't recall for sure whether it's 100% Mrs. Locke's.

MR. HOLIFIELD: Any other questions on this exhibit?

CHMN. COOK: I think that Mr. Spooner ought to supply an answer to the question Mr. Eddins just posed and let the Staff know the answer.

A Yes, we could let you know.

CHMN. COOK: You just want to know if there is diverse ownership?

MR. EDDINS: That's right.

MR. HOLIFIELD: Not as you know of, is it? She owns all of it, as far as we know?

A I don't know. I don't recall.

CHMN. COOK: Well, let me ask you another question.

Questions by Chmn. Cook:

Q Is there anyone in this area that is affected?
Is anyone in opposition to this request?

A Not that I know of.

MR. LaMOREAUX: You might or I could find out

if anyone represents her.

MR. EDDINS: Mrs. Locke has a telegram.

CHMN. COOK: Oh, does Mrs. Locke have a telegram?

(Mr. Eddins presented document
to Chairman Cook)

CHMN. COOK: There appears to be opposition
to Mrs. Locke. Is Mrs. Locke present?

(No response)

MR. EDDINS: Does she have a representative?

MR. LaMOREAUX: Is there anyone representing
Mrs. Locke present?

(No response)

CHMN. COOK: Proceed, then.

MR. HOLIFIELD: All right, sir.

REDIRECT EXAMINATION

Questions by MR. Holifield:

Q Mr. Spooner, I hand you an instrument entitled
"Dual Induction Laterolog" and it's named "Pruet
and Hughes Company - Pelto Oil Company Louise
Locke Unit 10-14, Womack Hill Field, Choctaw
County, Alabama," and ask you please, if you will,
to identify this particular log.

A This is a portion of the dual induction laterolog

from the Pruet and Hughes No. 10-14 Louise Locke well. It shows the upper portion of the Smackover Limestone formation in that well. It shows the productive section from that or at least the section that we have determined to be productive from core analysis and from this log and other logs.

Q Let me ask **you** this. This seems to be an excerpt. This is not the full log. Was this excerpt and the markings on there prepared by you or under your direct supervision and control?

A That's correct.

Q Does it accurately portray what is intended to portray?

A Yes.

Q All right, sir. Please explain to the Board exactly what this exhibit depicts, please, sir.

A It shows the portion of the Upper Smackover that we consider to be oil productive. That portion is colored in green, and as you can see, there is nearly 100 feet of oil column in this well.

Q Is this the productive porosity in the Womack Hill Field?

A That's right.

Q So this is indicative of the porosity that you have uncovered by the drilling of this Louise Locke Unit 10-14 well?

A That's correct. The purpose in showing this log was, of course, to show that we do have substantial production, productive section, even though the well has not been officially completed.

MR. HOLIFIELD: **All right, sir.** We tender the witness for any questions that the Board or Staff may have as to the Exhibit 2 testimony.

MR. LaMOREAUX: We would like to reserve the right to cross examine further at a later time. Just proceed with your presentation.

MR. HOLIFIELD: Well, we are down, we are getting down to that point now because we have...

MR. LaMOREAUX: Why don't you proceed then through your testimony and then let us question.

MR. HOLIFIELD: All right.

(Questions by Mr. Holifield cont'd:)

Q Well, again, I reiterate, after seeing this cross section and after seeing the dual induction laterolog and being familiar with this field, you are still of the opinion that this one well will

drain all the hydrocarbon from that particular unit described that you're seeking here today, the East Half of the Southwest of 10 and the Northeast-Northwest of Section 15 in the Womack Hill Field, is that correct?

A That's correct. In my opinion, this well will adequately drain this 120-acre unit. This, the unit that we are asking for is an extension with the same size unit and similar type unit as the other units that we have on the east side of the Womack Hill Field, and it's just a normal extension of that unit pattern.

Q There's nothing new or nothing different than what we've drilled the other wells outside of the field, is that correct?

A That's right.

Q It would just be a productive extension?

A Right.

MR. HOLIFIELD: At this time, we've completed our testimony as to Petition 1 and we tender the witness for any questions that the Board or Staff may have as to Item 1 on the agenda.

CHMN. COOK: All right, sir. Gentlemen?

REEXAMINATION BY BOARD OR STAFF

Questions by Mr. White:

Q Mr. Spooner, have you prepared a cross section, an east-west ~~cross~~ section of this particular field?

A Yes, I have.

Q Do you have that with you?

A I don't have it with me, no.

Questions by Mr. LaMoreaux:

Q What we are concerned about is adequate testimony to show that this is the exact same production horizon across the entire field. You have stated a moment ago that this was so and what we really were interested in was some type of graphic document that you could present to show this also.

A Well, I can send you a cross section showing that it is the same zone.

Q I think it would be good now that we extend this field on to the east that there is no question with regard to this point.

A Right, but there is... I don't believe anyone would dispute the fact that it's the same, the same zone, the same reservoir.

Q I agree that those people that would be familiar with the stratigraphy and structure would agree with you. I'm interested in getting it documented for the record.

A Okay. Well, we will supply you a cross section.

CHMN. COOK: If I recall, the Board was told at the previous hearing that the field would probably be extended in this fashion. Is that not correct, Mr. White?

MR. WHITE: Yes, that's correct, sir.

MR. LaMOREAUX: Yes.

Questions by Mr. Moore:

Q Mr. Spooner, just as a matter of curiosity, what in your opinion accounts for the break in porosity there between 11,338 and 11,350?

A This was taken off of a density log and core analysis and there was a dense streak in there, that's correct.

Q What what the thickness of the pay, if you don't mind answering this, of the previous well to the west?

A Well, the oil column was slightly thicker. I believe the net pay, the net porosity was slightly

less, as I recall.

MR. MOORE: I see.

Questions by Mr. Eddins:

Q How about 9-16?

A Well, the 9-16 had more net pay than any of the wells in here. I believe it had almost 150 feet net pay. It's higher than any other well, structurally higher.

Q Well, you are continually going down on this.

A Right, but not a great deal. See, it's fairly flat. We're only about eight feet lower than the 10-13, see, 10-14.

CHMN. COOK: Any further questions of Mr. Spooner, gentlemen?

MR. LaMOREAUX: Mr. Chairman, just a moment off the record, I need to talk ~~routine~~ a second. 2w

CHMN. COOK: We'll go off the record for a moment.

(At this point in the hearing,
the proceedings were briefly
off the record)

MR. WHITE: Mr. Spooner, apparently there is additional engineering and geological data available on this field which is not being made available here

today and which we would like to have made available to us, such as core analyses, cross sections and various and sundry other types of information that you apparently have on hand somewhere if you don't have it with you.

MR. SPOONER: Right.

CHMN. COOK: Are you in a position to supply the type information he's asking for, sir?

MR. SPOONER: Yes sir, we'll supply everything that we have, of course, on the field.

MR. LaMOREAUX: Well, I think it's...

MR. SPOONER: We have cored, most of the wells have been diamond cored. All of them that haven't been diamond cored have been heavily sidewall cored and we have directional surveys on all the wells which I thought were supplied and the logs, do you...

MR. WHITE: We have some of the logs and that sort of thing, but what I'm trying to point out is this testimony is not bringing out some of the engineering facts and geological facts that need to be made a part of this record.

CHMN. COOK: It's our feeling that the detailed documentation of his petition is beneficial

both to the petitioner and the Board.

MR. LaMOREAUX: We're also concerned as this field extends to the east over its shape and the proper, the oil-water contact, the effect of that fault to the south on the shape of the field, some of the facts that we need as related to the size and shape of the units that will be formed as we move to the east.

MR. SPOONER: Right.

MR. LaMOREAUX: Now, you will remember in...

MR. SPOONER: Well, let me... okay, now...

MR. LaMOREAUX: Now, the history of this field, we began with one set of data that was presented and the shape of the field projected then was somewhat different than it evolved into as the field did develop and all we're saying really is that we need to have all of these facts so that we can keep the Board informed as this field expands to the east or to the west.

MR. SPOONER: Right.

MR. LaMOREAUX: And this is a logical place to present this kind of information for the Board's information.

MR. SPOONER: Right. We anticipate that this field will probably need some type of secondary

recovery or secondary re-pressuring. Most likely...

MR. LaMOREAUX: This is all the more reason why we need these facts.

MR. SPOONER: And we are collecting all the information that we possibly can.

MR. LaMOREAUX: Right. Good.

MR. SPOONER: So that we'll be prepared to go in that direction.

MR. WHITE: In that regard, Mr. Spooner and Mr. Holifield, let me suggest this. We also have... there is a dearth of bottom hole pressure information on this particular field. We would like semi-annual bottom hole pressures taken starting this month.

MR. SPOONER: We have some bottom hole pressures. You may not have them in your files.

MR. WHITE: No, we do not.

MR. SPOONER: But we have several bottom hole pressures and we plan to take one on the 10-14 when it is perforated before it's produced at all. We ~~plan~~ to take a bottom hole pressure in that well. We will supply you with all that information.

MR. WHITE: We'd like to have a more thorough bottom hole pressure program presented to the Board

because we are concerned.

MR. SPOONER: Right. On our last survey, on the completion of the 10-13 well, there is indicated about a 200-pound drop in bottom hole pressure from the original bottom hole pressure.

MR. WHITE: Well, you understand our need for this information in developing our secondary recovery and our unitization program. We need a great deal of time to study it ourselves.

MR. SPOONER: Right.

MR. LaMOREAUX: That's all we have, Mr. Chairman.

CHMN. COOK: Anything further, gentlemen?

(No response)

CHMN. COOK: Anyone here who wishes to appear in opposition to this petition, Item 1 on our agenda? Anyone here in opposition?

MR. STREET: May it please the Board, I'm Charlie Street, an attorney in Mobile. I represent the Elliott heirs who own the property immediately joining this to the south, and if I might, I'd like to ask Mr. Spooner one or two questions.

CHMN. COOK: Well, of course, that's up to

Mr. Spooner.

MR. HOLIFIELD: We'll be glad to submit to any questions he might have.

MR. LaMOREAUX: For the record, so that we are sure to have your name and address...

MR. STREET: I furnished your attorney with one of my cards.

MR. LaMOREAUX: Well, how about for the recording secretary?

MR. STREET: Charles S. Street, 2700 First National Bank Building, Mobile, Alabama.

MR. LaMOREAUX: And who you represent.

MR. STREET: Mailing address is Post Office Box 1446 in Mobile, and I represent the Elliott heirs.

MR. LaMOREAUX: You can proceed.

CHMN. COOK: Proceed, Mr. Street.

CROSS EXAMINATION

Questions by Mr. Street:

Q Mr. Spooner, I didn't understand your answer to the question about the break on this Exhibit 2.

A That is, there was no permeability in that streak from our core analysis and the density log indicated low porosity in that zone. That, and most of

the wells in this reservoir have more tight streaks in it than this particular well. That's typical in this area. You have streaks of Limestone that are tight with very low porosity and no perm and no oil.

Q This now, if I understand your graph, it indicates oil from 11,300 feet to 11,400 feet?

A That's correct.

Q With a break here at about 11,350 feet?

A Right.

Q Now, you prepared this Exhibit 1, didn't you?

A That's correct.

Q And that was done by you?

A That's right.

Q Okay. Now, these figures by the various wells are the depths of the wells?

A No. Those figures are the datum point. That is the sub-sea datum point of the top of the Smackover Limestone. In other words, this point that's indicated as Smackover on this exhibit less the elevation less... in all cases in here, we have run directional surveys and we have corrected these points to the true vertical depth as

calculated from the directional survey, and most of these holes are not...

Q So this is not a measured field, it's a calculated field?

A It's calculated only in the extent that we correct for the true vertical depth. The holes are not completely straight. They are deviated to some extent, all the wells in this field, and we run directional surveys to see where the bottom hole location is and if a hole is deviated, of course, the log will indicate that the zone is deeper than it actually is because of the deviation in the hole, and then you can take the directional survey and calculate how much that deviation is.

Q On your contour lines on this Exhibit 1, are these figures related to the figures beside your well casing?

A Yes, right.

Q Now, if I read this right, the solid circles are wells that are producing?

A That's correct.

Q And the blank circles are wells that are...

A Drilled.

Q ...proposed or in the process of...

A Yes, drilling wells.

Q Okay, and then the circle with the little lines coming from it up here, 9-12, is that an abandoned well?

A That's right. That's a dry hole.

Q Okay. Now, I notice that your dry hole is about at the 11,500-foot contour?

A Well, the datum... no, it's 11,387 is the datum point on that well. That's the top of the...

Q That's the datum point?

A That's right. That's the top of, the sub-sea top of the Smackover.

Q Now, your contour line, though, which is almost on top of that, shows the oil to be at 11,450 feet at that point.

A That's right. Now, that is because this hole, that is the surface location of the hole and we did not show the bottom hole location on this map, but the map is contoured using bottom hole locations and the bottom hole location of that well is southeast of this surface location.

Q So this was drilled at an angle?

A Well, right, inadvertently. It wasn't purposely drilled at an angle.

Q But it was abandoned at 11,387 points?

A No, that was the top of the Smackover in that well. The well was drilled deeper than that.

Q Do you know how deep that well was drilled?

A It was probably 12,000 feet at least. Now, I don't remember...

Q Now, I understand that you're going to furnish the Board the test and the data from which this fault was...

A Well, as I understood, I was going to furnish an east-west cross section which we will indicate on there the point at which the well intersects the fault, as far as the fault intersects the well bore will be indicated on the logs on the cross section.

Q What is this heavy black line drawn to indicate on your Exhibit 1?

A That is the trace of the fault at the top of the Smackover depth. In other words, if you drilled a well south of that heavy black line,

we would anticipate that the top of the Smackover would be faulted out, and if you got... in other words, there would be no Smackover, top of the Smackover present. The interval that carries the oil production would not be present south of that heavy black line.

Q What you're saying is, you anticipate if you drill south of that heavy black line, you wouldn't find any oil?

A That's right.

Q Now, then, do you have the tests upon which that was based? Do you have the results of those at this time? Do you have them here with you?

A I don't have the logs. That fault is based upon the position that... this is a normal fault which means that... well, I won't get into explaining what a normal fault is, but you can calculate from the position that the fault intersects the well bore how far it is to the trace of the fault at Smackover depth. By taking the faults that are found in the area, they all dip at an angle between 45 and 60° from the vertical, and by taking the point at

which your fault is intersected in the well bore you can calculate how far it is horizontally to the fault plane at Smackover depth.

Q So you had readings at these points labeled 16-4 and...

A Each one of those wells, right.

Q Each one of the wells that you've drilled had a reading on the...

A Has intersected that fault plane, that's right.

Q And you have taken the readings at those points and projected them to intercept the Smackover Formation?

A That's right.

Q And at that point, you've drawn this heavy black line?

A That's right.

Q Now, have you drilled any south of the heavy black line?

A No. No wells have been drilled south of it.

Q Now, what is the depth of the Smackover line on your Exhibit 2 here at the... I'm sorry, what is the depth of the Smackover on Exhibit 2?

MR. WHITE: Mr. Street, excuse me. Some of

the people are leaning forward rather severely back there trying to hear.

MR. STREET: Oh, I'm sorry.

Q (Street) Can you tell us the depth of the Smackover?

A Right. It's 11,296 feet, log depth.

Q Okay. Now...

CHMN. COOK: Let me ask something here just a minute. Now, the information that seems to be lacking, can you make that available to Mr. Street, too?

MR. WHITE: Yes sir.

CHMN. COOK: So any additional information that we get from Mr. Spooner, you'll make available to Mr. Street?

MR. WHITE: Absolutely.

CHMN. COOK: Would that help you in your questions, sir?

MR. STREET: It certainly would.

CHMN. COOK: Well, yes sir, we'll do that.

MR. STREET: Could I ask the Board at this point if this hearing will be recessed for him to furnish these documents?

CHMN. COOK: Well, I can't tell you what the Board is going to do, but I can tell you that any information we get relative to this petition, in addition to what we've already got, Mr. White will make available to you.

MR. STREET: Yes sir. My point was, I may want to ask or examine the witness about those documents once I've seen them.

CHMN. COOK: Well, of course, now I can't presume what action the Board will take.

MR. STREET: Yes sir.

MR. LaMOREAUX: Why don't...

MR. EDDINS: But you'll get some action in about two minutes.

CHMN. COOK: But if you will stand steady, we plan to act on it.

MR. LaMOREAUX: Thank you, Mr. Street.

CHMN. COOK: Thank you, Mr. Street.

(Mr. Street was excused)

CHMN. COOK: Anyone else here who wishes to make any comments relative to this petition, in opposition or otherwise?

MR. LaMOREAUX: Mr. Chairman, we have one

wire that should go into the record.

CHMN. COOK: Well, I was about to bring that up.

MR. LaMOREAUX: It is addressed to me in care of the State Oil and Gas Board, Tuscaloosa, Alabama:

"I would like to enter an objection to the two special permits being asked by Pruet and Hughes Oil Company on my land in Womack Hill Oil Field.

"Mrs. Louise L. Locke"

It was received yesterday, March 14th, 3:03 P. M., and I would enter it into the record.

CHMN. COOK: Well, now, let me say this as a Member of the Board. Mrs. Locke's objection, of course, will be given the consideration it's entitled to, but it would be more helpful to the Board if we knew what the objection was.

MR. LaMOREAUX: That's correct. It's only for the purpose of the record.

CHMN. COOK: And everyone had the same notice of the meeting.

MR. LaMOREAUX: That's correct. I discussed this with Mrs. Locke and advised her that this matter was advertised in the newspaper according to law. Further, that it was advertised in the Choctaw Advocate and she recognized that she missed it in those advertisements, and therefore she sent the wire in lieu of any other possible action on her part.

CHMN. COOK: Any further questions, gentlemen?

(No response)

CHMN. COOK: Any further statements, Mr. Lawyer?

MR. HOLIFIELD: I'd like to inquire of Mr. Street, if I may. He said he is representing some heirs. I was wondering if they're in this unit that we're talking about here. Would you mind answering that?

MR. LaMOREAUX: Mr. Street?

MR. STREET: They own the land immediately adjoining this unit to the south. If you'll notice on the map...

MR. HOLIFIELD: In other words...

MR. STREET: The well on this unit is off-

set appreciably south.

MR. HOLIFIELD: In other words, your people don't own any part of the East Half of Southwest of 10 or the Northeast-Northwest of 15?

MR. STREET: We don't own anything outlined in red on your exhibit.

MR. HOLIFIELD: That's what I...

MR. STREET: We own the adjoining land to the south.

MR. HOLIFIELD: The purpose of that was pointing out that Mr. Street's inquiry as to lands down here in 15 which are beyond the field and south of the fault...

CHMN. COOK: Mr. Street pointed that out to the Board succinctly when he ^{spoke} ~~made~~. He said that the lands to the south... he did point that out: Anything further, gentlemen?

MR. WHITE: We have nothing, Mr. Chairman.

MR. LaMOREAUX: We have nothing further.

CHMN. COOK: What is the wish of the Board on this matter, gentlemen?

MR. WATSON: Just a minute, Mr. Chairman. Did you want to move that the Board receive these two

exhibits into evidence?

MR. HOLIFIELD: Yes, I do. Now we offer into evidence as Exhibits 1 and 2 to the testimony of Mr. Spooner and ask that they be received into evidence and so marked.

CHMN. COOK: Any objections?

(No response)

CHMN. COOK: Hearing none, the exhibits will be received for that purpose.

(Whereupon, documents previously described and marked for identification were received in evidence as Exhibits Nos. 1 and 2, respectively, to the testimony of Harry Spooner)

MR. EDDINS: I move that the Petition No. 1 be continued.

CHMN. COOK: Is there a second?

MR. MADDOX: I second the motion.

CHMN. COOK: You've heard the motion. It's been moved and seconded that the petition contained in Item 1 on our agenda be continued. Those in favor, say "aye" -- opposed, "no."

(All Board Members voted "aye")

CHMN. COOK: The "ayes" have it. The

petition is continued.

MR. HOLIFIELD: I'm ready for the next item.

CHMN. COOK: Right, and Mr. LaMoreaux is going to read it right now.

MR. LaMOREAUX: The next item, 2, on the March 15, '72 agenda is:

"Petition by Pruet and Hughes Company, a foreign corporation but authorized to do and doing business in the State of Alabama, for permission to drill a well at the following off-center location:

"Pruet and Hughes Company -
Pelto Oil Company Louise
Locke Unit 15-2 No. 1
2280' FEL, 190' FNL
S15, T10N, R2W, Womack
Hill Field, Choctaw County
Alabama

"The Board reserves the right to prorate in the event the above

described well becomes a producer."

MR. HOLIFIELD: Mr. Chairman, if the Board please, my name is T. J. Holifield, and we have one witness, Mr. Harry Spooner, and we'd like for him to be sworn in this matter.

MR. LaMOREAUX: Pardon me. Should he be re-sworn on the...

MR. WATSON: No sir. If he has been sworn, it's not necessary that he be sworn again.

MR. LaMOREAUX: For the record, let it be noted that this man has been sworn before the Board as to this testimony.

MR. HOLIFIELD: At this time, we'd like to offer into evidence by way of reference Exhibits 1 and 2 which were previously presented here under Item 1 and ask that they be made a part of the record in Item 2.

CHMN. COOK: Any objections?

(No response)

CHMN. COOK: Hearing none, the exhibits will be made a part of the record.

MR. HOLIFIELD: All right, sir.

HARRY SPOONER

re-appearing as a witness on behalf of Petitioner, Pruet and Hughes Company, being advised that he was still under oath, testified as follows:

REDIRECT EXAMINATION

Questions by Mr. Holifield:

- Q Mr. Spooner, are you the same Mr. Spooner that testified under Item 1 a few moments ago?
- A Correct.
- Q All right, sir, and do you realize that you are still under oath?
- A Right.
- Q All right, sir. Mr. Spooner, I hand you a plat here that's entitled "Well Location for Pruet and Hughes Company - Pelto Oil Company et al, Section 15, Township 10 North, Range 2 West, Choctaw County, Alabama," and ask you please to identify it, if you will, please.
- A This is the location plat prepared by Engineering Service of Jackson for the location for the Pruet and Hughes-Pelto Oil Company No. 15-2 Louise Locke well in the Womack Hill Field.
- Q Now, then, do you know whether or not the

Engineering Service... it says there
"Registered Land Surveyor No. 1860 of the State
of Alabama," and I believe the engineer is
James Thomas Gibson, is that correct?

A Right.

Q All right, sir. Will you please explain to the
Board exactly what this exhibit depicts?

A It shows the proposed location for our Louise
Locke 15-2 well. It also shows some of the
terrain problems in the area. There is a lake
immediately east of the location preventing us
from drilling in the center of the 40. Not
shown on this plat but lying immediately north
of the location is a fenced-in area, a chain-
link fence area which is used by the Wildlife
Refuge people as an area to store their main-
tenance equipment, and there is a high ridge...
most of this area in here floods when the Tom-
bigbee River floods, but there is a road that
passes right by this location running northeast-
southwest, and this is really the only spot that
we can drill in this unit and get into it any-
time before the middle of the summer.

MR. HOLIFIELD: If the Board please, a few moments ago when I asked that Exhibits 1 and 2 be made a part of this record by reference, I forgot to include all of the testimony of Mr. Spooner, and at this time I would like to request that the testimony of Mr. Spooner as presented a few moments ago in Item 1 be made a part of the testimony, his testimony in Item 2.

CHMN. COOK: Any objections?

(No response)

CHMN. COOK: Hearing none, the gentleman's request is granted. The testimony will be made a part of the record.

(Questions by Mr. Holifield cont'd:)

Q Mr. Spooner, the testimony that you gave a few moments ago under Item 1, does the same formation, producing formation that's in the Womack Hill Field underlay this particular unit?

A We anticipate that it will and we are attempting to drill these wells in an optimum structural position, and that plus the terrain factor is the reason for requesting the exceptional location.

Q So you are stating that the location as proposed

which was 2,280 feet from the East Line and 190 feet of the section... and 190 feet South of the North Line of Section 15, that that is the most optimum location on the unit?

A That's correct.

Q Now, you mean by "most optimum location" meaning that you would get the most porosity in that particular well?

A That's right, the thickest productive column. We would expect that we could drain more oil from this location than any other location we could drill on the unit.

Q In other words, you'd recover more hydrocarbons or more oil there than any other place on that particular unit?

A That's correct.

Q All right, sir. Now, then, if the Board should grant this petition, would ~~that~~ that particular well drain all of the recoverable hydrocarbons from that particular unit?

A In my opinion, it would, yes.

MR. WHITE: Sir, what unit are we talking about?

MR. HOLIFIELD: We're talking about the unit consisting here of the North... just a second.

MR. SPOONER: Northwest Quarter of the Northeast Quarter.

MR. HOLIFIELD: Yes, Northwest Quarter of Northeast Quarter of Section 15, Township 10 North, Range 2 West, Choctaw County, Alabama, in the Womack Hill Field.

MR. WHITE: But you don't anticipate this being a 40-acre unit, do you?

MR. HOLIFIELD: Well, we are going to drill it on a 40-acre unit and then after it's drilled, then if it warrants additional, in other words, acreage, well, then we'll come back to the Board and ask that they re-form the unit just the same as we have in this particular well that we have here. In fact, that was one of the questions we were going to bring out here in just a few moments, few more minutes. In other words, we will, if this well when drilled, if it's productive of hydrocarbon in that Smackover Formation as we anticipate, well then we will come back to the Board and ask that they re-form this unit to comply, in other words, with the

customary outline of fieldwide units as a productive extension of the Womack Hill Field.

MR. SPOONER: I would like to say, we would like to... it was my understanding that we had to ask for the location on a 40-acre unit. We would like to ask for a 120-acre unit at this time, of course, which I'm sure we can't since we haven't advertised, but we would have preferred to ask for it that way. It was my understanding that in the past the Board had required us to ask for the units on... and when we were outside of the established field area that we had to request the 40-acre unit.

MR. WHITE: No sir. Let me explain that very briefly, Mr. Spooner. In the past, these units have been drilled near the center of a quarter-quarter section and could be permitted administratively.

MR. SPOONER: Well, now, we've drilled two wells here, the 10-14 and the 10-13.

MR. WHITE: That's right, and they were off-center and did require Board action and that's the only reason.

MR. SPOONER: But...

MR. WHITE: In discussing draining of a unit,

Mr. Chairman, I'd like to have some indication as to what unit is anticipated for this well, because I don't think we can talk about it draining a 40-acre tract when, in fact, it's not going to be developed on 40 acres.

CHMN. COOK: Well, how can you know that at this point? He's talking about 40 acres at this time.

MR. HOLIFIELD: That's all we know at this time. That's all we can ask for.

CHMN. COOK: That's all he's talking about is 40 acres. That's all he's asked us to consider.

MR. WHITE: The point I'm trying to make is the location of this well, if it is to drain an additional area, is critical. The location itself is critical.

CHMN. COOK: I understand your point there, I sure do.

MR. SPOONER: Well, all I can say is that we anticipate requesting 120-acre unit just like we have requested here today on the 10-14.

REEXAMINATION BY BOARD OR STAFF

Questions by Mr. White:

Q In other words, you anticipate moving due east with 120 acres?

- A That's right, with another 120-acre unit.
- Q Well, then could you still state that this is an optimum position to drill this well?
- A That's right. It's as structurally high as we can drill considering the terrain problems. We cannot move this well north because of the Wildlife Refuge people, the area, fenced-in area that they keep their equipment on, they won't let us drill up there.
- Q In other words, there is no way you can drill in the Southwest Quarter of the Southeast Quarter of 10?
- A Not near this low, but we could drill in the northern part of that 40. It would still be an off-center location up there and lower structurally. We're having to work in here with the Wildlife Refuge and they are very particular where we drill the wells also and we have to furnish them with a plat of the area that we are planning to take and use and, of course, you've got the terrain problems, too, and the lakes and the river flooding.

MR. WHITE: Mr. Chairman, does my question indicate what I'm trying to say?

CHMN. COOK: Well, I think it's clear to me as a Member of the Board. I think you're saying that should we later be requested to make a 120-acre unit of this here, that then the well would be, in your judgment, in poor position to drain the hydrocarbons from that area, is that what you're saying?

MR. WHITE: It'll be a long way from the northern end of that unit, yes sir.

MR. HOLIFIELD: Of course, the Board has a second shot at that, you know. We have to have, put notice and hearing and bring it to the Board at that time.

CHMN. COOK: Yes sir, you're absolutely...

MR. WHITE: When a well is drilled, we don't have a second shot.

CHMN. COOK: You're correct. I think Mr. White's point is very well taken.

MR. SPOONER: Let me say something else here, too, along this line. In running directional surveys, which aren't indicated on this map, the bottom hole locations of these wells aren't indicated, although I believe that you should have in your files the directional surveys on the wells. If you don't have, I'll supply

them, but all of the wells in the eastern part of Womack Hill Field have deviated to the east and most of them to the north slightly. In other words, the 10-14 well, the bottom hole location is 300 feet east and 100 feet north of the surface location, and we would anticipate that this 15-2 well, that the bottom hole location would probably be some 300 feet east and 200 feet north of it, which would put it right along the section line, the bottom hole location, but it would be economically impossible to control these holes and make them exactly straight. You have to let them deviate as they naturally want to or it would just be too expensive to drill the wells, but at the bottom of the hole, this location will be in an optimum position to drain this unit.

CHMN. COOK: Excuse us a moment.

MR. SPOONER: Okay.

(At this point in the proceedings,
Messrs. Cook and White conferred
briefly off the record)

Questions by Mr. Maddox:

Q Mr. Spooner, how much lower is this well than this 10-14, this 15-2, projected, I'm talking about?

A Well...

Q Oh, roughly.

A We expect it to be essentially flat.

Questions by Chmn. Cook:

Q No, he's talking about south, how much further south, I believe.

A How much south is it?

Q You show 190 feet on your exhibit.

A That's right.

Q Now, what we want to know is how many feet north of that quarter line is ~~your~~ 10-14?

A Fifty.

Q So you're talking about 240 feet?

A Right. In my opinion, that would make very little difference in draining the oil, 240 feet would.

MR. HOLIFIELD: We have some other data that, you know, we didn't get a chance to put on that I think might clear up some of this.

CHMN. COOK: Mr. Holifield, you know that you're going to be given every opportunity, barring Mr. Eddins' hunger pains, to present anything you choose to.

MR. EDDINS: Well, we're going to get it over with today. Go ahead.

CHMN. COOK: Are we back on the record now? Shall we resume. I'm not here to... I'm not trying to

express for Gene. He does very well on his own, but he's posed a question here that maybe you can clear up.

MR. MADDOX: He said this other might clear it up.

CHMN. COOK: Well, if he can do it now, then he won't have to do it twice. He's talking about that once you drill this well, then the Board is virtually drawn to 120-acre units. There's no question about that in either of our minds, and he feels that that thing is getting mighty low to drain all these three 40's.

MR. SPOONER: You mean too far south?

CHMN. COOK: Right, just a long way to the north line, and you're getting further all the time. So the question I'm asking you is premised with his observation, are you saying to the Board that because of terrain problems as the most important factor, that you need to drill here or you possibly couldn't drill a well in this section at all, is that what you're saying?

MR. SPOONER: That's what I'm saying. We could drill further south, but further north, unless we got...

CHMN. COOK: Well, if you don't like this location, you couldn't like one south any better.

MR. SPOONER: That's right.

MR. SPOONER: I've got a more detailed location plat...

CHMN. COOK: Okay. Proceed.

MR. SPOONER: ...that we'd like to show. I don't have but one copy of it. It's one that we prepared for the Wildlife people. It shows a portion of their maintenance area and the area that we plan to take to use for the location for the well, but it's a little more detailed and shows the roads and things.

MR. HOLIFIELD: All right. At this time, we'd like to offer into evidence as an exhibit to the testimony of Mr. Spooner the identical location plat that we introduced as Exhibit 1 with the exception that it's on a larger scale and it shows information outside of the Northwest Quarter of the Northeast Quarter as to the Wildlife Refuge maintenance area, which is under a fence, and if the Board will... we'll offer it into evidence and ask that it be marked for identification purposes.

CHMN. COOK: If there are no objections, the Board will accept the exhibit.

(Whereupon, document above described was marked for identification as Exhibit No. 3 (?) to the testimony of Harry Spooner)

MR. WATSON: If you'll give me one minute, I'll make you some copies of this.

CHMN. COOK: Well, I think Gene needs to see it.

MR. WHITE: I think I can come up there and see it, Tom.

MR. HOLIFIELD: Off the record...

(Comments were off the record)

MR. HOLIFIELD: Gentlemen, if I may by explanation, I haven't been sworn but I'd like to point out one thing here to the Members of the Board.

If I may point out this to the Members of the Board, here's the proposed location. Right here is a chain-link fence which, as you see there, it says "Wildlife Refuge Maintenance Area." They have all of this. Here's where they have all of their... what all do they have in there, Mr. Spooner?

MR. SPOONER: I don't recall what all, but they've got some metal buildings that they keep their equipment in for maintaining the roads and that sort of thing.

MR. HOLIFIELD: So they would not... didn't want us to get any closer into the Wildlife in where

they've got their buildings and things and so this was the closest they'd let us get there. In other words, your pipe can drift to the center underground when it gets to the formation, but on the surface you'll have to start here and it can drift to the north or to the center or any way that you need to be, but as far as the surface location...

CHMN. COOK: But Mr. Holifield, the drift, though, is a relative thing because the other wells drift, too.

MR. HOLIFIELD: That's right, but if when it gets to the bottom of the hole, though, it can drain, that's where the drainage will occur to that particular hole there that you have; not from the surface but from where it lands on bottom.

MR. WHITE: Let me ask you this, Mr. Spooner.

Questions by Mr. White:

Q Is there a possibility, in fact, is there a probability that this well could be intentionally deviated to the north and the east to spot it at...

A At an extremely greater cost. We are intentionally deviating the well now in the North Choctaw Ridge Field and it appears that it's going to cost almost

double the straight-hole cost. We attempted, when we sent the surveyors out there, we attempted to put this well on the 40 to the north rather than the 40 it's on, but we couldn't get on there because of this area that the Wildlife people have for their equipment.

Questions by Chmn. Cook:

Q Well, you made a statement, though, and said that the other locations available to you would not be open before summer, didn't you say that, and we weren't talking about the Wildlife Refuge at that time?

A Right, but in this area, this lake is permanent, this is not just, you know... this lake that's shown on the plat is there all the time, all year round. If we go north, we're probably going to be going down-dip. We're not going to drain as much oil as the unit would drain. If we go very... more than 300 or 400 feet north of this location, with the information that we have at hand now, it would appear that we will be lower structurally and not drain as much oil from a location to the north as we would drain from this well, whether it's on that

40 or this 40, either one.

Q Restate that for Mr. White's benefit.

A We think that if this location were more than 300 or 400 feet north of where it is now that it would most likely be structurally lower than a well drilled at this location, and if it were structurally lower it would drain less oil from the unit to everybody's detriment.

Questions by Mr. White:

Q Is that indicated by your Exhibit No. 1, Mr. Spooner? Is that substantiated by Exhibit 1?

A Well, from that exhibit you would think you may could get 600 or 700 feet north before you would start getting structurally lower, but we have attempted to stay fairly close to the fault in this field. We just feel like it's safer. We know more about what's going on there.

MR. WHITE: Mr. Watson, do you have a question?

Questions by Mr. Watson:

Q Do you have ingress and egress rights relative to the Wildlife Refuge property?

A I'm sure we must, right.

Q So the Wildlife Refuge agency owns the surface and

you have a lease on all the minerals underlying the surface land in this area, is that correct?

A That's my understanding, yes.

Q Have the Wildlife people been approached for ingress onto the Wildlife Refuge for the drilling of this well?

A Yes, right. We've gone through the... or have... it takes several weeks to go through the channels.

Q What was their response to your request to move the site location from the point that you have it spotted now into an area that would be enclosed by the Wildlife Refuge?

A Well, of course, we were trying to work with them. Their man out there in the field was very much opposed to it, and we were trying to work with them as much as we possibly could, as long as we could still drill a location that we thought was as good a geological location as possible, well, we were trying to work with them as much as we could. They object to us being in there, period, because it's a duck refuge and they say we bother the ducks, but of course, we, as you say, we have the right to be in there and there's not any... ~~if they could,~~

they'd exclude us completely and wouldn't let us in there at all.

Questions by Mr. Eddins:

Q When do you anticipate starting this well?

A Very soon, as soon as...

Q What do you mean "very soon"?

A Probably next week. I'm not sure about the rig availability right now, but I would say immediately, most likely.

MR. HOLIFIELD: Mr. Spooner, I'll go ahead with those questions I was going to ask you.

MR. SPOONER: Okay.

REDIRECT EXAMINATION

Questions by Mr. Holifield:

Q In other words, in your opinion, would this well drain the recoverable hydrocarbons from this unit?

A That's correct.

Q All right. Are you familiar with "waste" as defined by the statutes of the State of Alabama?

A Right.

Q All right. In your opinion, will the granting of this petition, the location at the point requested here as an exception, would waste be prevented as

defined in the statutes?

A Yes.

Q All right. Will the co-equal and correlative rights of all parties at interest be protected?

A Yes, in my opinion, it would.

Q All right, in your opinion, if you're in a game reserve, would the least amount of wells be to the betterment of protecting the ecology of that particular area?

A That's correct, and...

Q Go ahead. What did you want to say?

A Well, I would say along that line that this spacing that the Board has established in here is very beneficial. This 120-acre spacing is ideal for this field, and we'd like to commend the Board for being far-sighted enough to get into this type spacing, and I think it helps the exploration program and the whole area. I know that we are more active in there now. Of course, the field being as good as it is has helped a lot, but also this type spacing has helped a lot. We don't have to drill as many wells in here and we feel like we're going to drain just as much oil and we're going to make more money out

of this field than we might have if we'd have gone with smaller spacing, and for that reason, we are more heavily exploring the whole area. We've got four wells drilling right now in Choctaw County.

Q Mr. Spooner, let me ask you this, that in the event the Board grants this petition, will every owner of an interest in the hydrocarbons get his fair and equitable share of the oil and gas produced?

A That's correct. This unit, the 40-acre unit and the 120-acre unit that we would anticipate, is owned by Mrs. Louise Locke, the entire 120 acres.

MR. HOLIFIELD: All right, sir. We tender the witness for any further questions that the Board may have.

REEXAMINATION BY BOARD OR STAFF

Questions by Mr. White:

Q Mr. Spooner, do you have knowledge as to why Mrs. Locke is objecting to this petition?

A No, I don't. That was a complete surprise to me. I had no idea that she was opposed to it.

MR. WHITE: I have nothing else, Mr. Chairman.

MR. LaMOREAUX: I have no further questions.

There may be...

MR. WHITE: Tom Watson has one.

MR. WATSON: No, I was just going to...

MR. LaMOREAUX: There may be some from the floor.

CHMN. COOK: Is there anyone here who wishes to comment on this petition?

MR. STREET: May it please the Board, I'd like to ask Mr. Spooner one question.

CHMN. COOK: All right, sir. Let me ask you this, Mr. Street. Are you appearing in opposition or...

MR. STREET: I'll appear in opposition.

CHMN. COOK: All right, sir.

RECROSS EXAMINATION

Questions by Mr. Street:

Q Mr. Spooner, isn't it true that that equipment maintenance area the Wildlife people have fenced off up there only covers one acre or approximately one acre of land?

A I don't know. I don't know what size it is.

MR. STREET: That's all. Thank you.

CHMN. COOK: The Board at this time will stand at a five-minute recess.

(At 12:05 P.M., March 15, 1972,
the hearing was recessed)

(At 12:24 P.M., March 15, 1972,
the hearing was reconvened)

CHMN. COOK: All right. We'll resume our meeting. Now, gentlemen, the Board is ready to make a decision on this petition and we'll do it by motion, as always. Is there a motion on the matter?

MR. EDDINS: Yes. I make a motion that Petition No. 2 by Pruet and Hughes be continued for the purpose of giving our Staff an opportunity to get the technical information that they need in the records.

CHMN. COOK: Now, you've heard the motion.

MR. EDDINS: Now, that doesn't mean it'll be continued to the next meeting. As soon as this information is furnished, we can authorize the...

MR. HOLIFIELD: So the term then "continuation" would mean more or less that you've taken it under advisement pending the receipt of the information and then...

MR. EDDINS: No, we're not taking it under advisement.

CHMN. COOK: Let me restate the motion. The motion is that the petition contained in Item 2 on our agenda be continued until such time as additional data

can be gotten from the petitioner. That is the motion, isn't it, sir?

MR. EDDINS: Yes, that will be requested by our technical Staff.

CHMN. COOK: And the additional information will be borne out, will be requested for the record now in a moment.

MR. MADDOX: Off the record...

(Comments were off the record)

MR. LaMOREAUX: We have specific information that we would like to have submitted and we'll be glad to supply that information to you, I mean the request for that information to you.

CHMN. COOK: To put it very simply, the Board and the Staff feel that the petition itself is not fully documented to our satisfaction. Now, you've heard and understand the motion, gentlemen. Is there a second?

MR. MADDOX: I second the motion.

CHMN. COOK: All right. It's been moved and seconded that the petition contained in Item 2 on our agenda be continued until such time as certain additional data can be obtained from the petitioner. Those in favor, say "aye" -- opposed, "no."

(All Board Members voted "aye")

CHMN. COOK: The "ayes" have it and the petition is continued. Now, if Mr. White or Mr. LaMoreaux would state to the petitioner the information it is we seek...

MR. LaMOREAUX: Would you like that for the record?

CHMN. COOK: Yes sir, I think that would be fine.

MR. LaMOREAUX: All right. We would like...

CHMN. COOK: Let me interrupt. We're putting it in the record because Mr. Street back here, do you want to make any... if he chooses or if he wants this information available, you can make it available to him, is that correct?

MR. LaMOREAUX: Yes sir. That's why we're asking...

CHMN. COOK: Are you clear on it then, Lawyer?

MR. STREET: Yes sir.

CHMN. COOK: All right, sir.

MR. LaMOREAUX: This is the reason we're asking for this information so that we can have it as a basis for recommendations to the Board and so that you may also

have this information. All right. One item that we would like is an up-dated fault plane map. We would also like the cross section that was requested in the earlier petition. We would like... what was the third item?

MR. WHITE: True vertical location wells and...

MR. LaMOREAUX: Well, just state it.

MR. WHITE: We'd like a contour map on the true vertical or true well locations.

MR. SPOONER: Showing the bottom hole locations and the true...

MR. WHITE: That's right.

MR. SPOONER: These datum points on our exhibit show the true vertical depth, but we'll...

MR. WHITE: It did not show the actual bottom hole location of the well, did it?

MR. SPOONER: No.

MR. WHITE: It showed the surface location.

MR. SPOONER: Right.

MR. WHITE: There's quite some difference between the two.

MR. SPOONER: Right.

CHMN. COOK: It's clear to you then the information that we need, is that right, Mr. Spooner?

MR. SPOONER: Okay. We want an up-dated fault plane map of the east-west cross section.

MR. LaMOREAUX: Right.

MR. SPOONER: And we want our structure map to show the bottom hole locations.

MR. LaMOREAUX: Correct. The latter we think will help you to support your petition.

MR. SPOONER: All right.

CHMN. COOK: Now, let me state on behalf of the Board and Staff. It is not the intention of the Board to delay action on this matter, and if you get the information in here that satisfies the Staff and the Board, we'll act. We'll meet specially. We're not continuing it for any indefinite time. We just want this in the record if it substantiates your petition.

MR. HOLIFIELD: We are real concerned about the petition for the second matter, you know, the exceptional location, because of the rig situation. That's why we're real concerned.

CHMN. COOK: We talked about that and appreciate your concern about that, and the Board will act as of the moment that the Staff is in a position to give us further advice on the matter.

MR. LaMOREAUX: Now, Mr. Chairman, I think it would be appropriate now that the Board has had an opportunity to discuss the emergency item presented by Mr. Snell for you to take action on that matter.

CHMN. COOK: Well, we're all through unless... well, you've got another item on the agenda.

MR. HOLIFIELD: Yes, Item 3.

CHMN. COOK: All right. Before we take up the next item on the agenda, before we proceed on the agenda, the Board chooses now to act on a petition, an emergency petition that was presented at the outset of this meeting. It was not advertised but appeared in an emergency form. What's your wishes, gentlemen?

MR. EDDINS: I move that it be granted.

CHMN. COOK: You've heard the motion. Is there a second?

MR. MADDOX: I second it.

CHMN. COOK: The motion has been made that the petition, the emergency petition of Mr. Snell...

MR. EDDINS: What oil... Mr. Snell and who else?

MR. HOLIFIELD: Clinton Oil Company.

CHMN. COOK: By Mr. Snell on behalf of Clinton

Oil Company be granted. Those in favor, say "aye" -- opposed, "no."

(All Board Members voted "aye")

CHMN. COOK: The "ayes" have it and the petition is granted. Item 3 on our agenda, Mr. Supervisor.

MR. LaMOREAUX: Item 3 is:

"Petition of Pruet and Hughes Company, a foreign corporation but authorized to do and doing business in the State of Alabama, for permission to drill a well at the following off-center location:

"Pruet and Hughes Company
Casey Estate Unit 25-6, No. 1
300' W and 100' S of Center
SE/4 NW/4

S25, T11N, R4W

Choctaw County, Alabama

"The Board reserves the right to prorate in the event the above described well becomes a producer."

MR. HOLIFIELD: Mr. Chairman, if the Board please at this time, my name is T. J. Holifield and I

represent the petitioner in Item 3 on the agenda. I have one witness, Mr. Harry Spooner, which is the same Mr. Spooner as testified in Items 1 and 2 and his previous qualifications have been submitted as qualifying him in the field of petroleum geology, and we ask that his qualifications be received and we'll proceed with hearing the testimony.

CHMN. COOK: The Board does receive his qualifications. You may proceed.

MR. HOLIFIELD: All right, sir.

HARRY SPOONER

re-appearing as a witness on behalf of Petitioner, Pruet and Hughes Company, being advised that he was still under oath, testified as follows:

REDIRECT EXAMINATION

Questions by Mr. Holifield:

Q Mr. Spooner, are you the same Mr. Spooner that's been testifying here all this morning on Items 1 and 2, is that right?

A Correct.

Q Mr. Spooner, I hand you a document entitled "Well Location Plat, Pruet and Hughes Company, et al, Section 25, Township 11 North, Range 4 West,"

covering the Southeast Quarter of the Northwest Quarter of that said Section 25, and ask you to please identify it, if you will.

A This is the location plat for the Pruet and Hughes Company No. 1 Casey Estate well. It was prepared by Engineering Service of Jackson, James E. Thompson, a registered land surveyor in Alabama, registered in the State of Alabama.

Q Is that James Thompson Gibson?

A Right.

Q Rather than... you said James E. Thompson. I want to correct it for the record.

A Okay. James Thompson Gibson.

Q And is his number 1860, registration number?

A That's right.

Q All right. Are you familiar with this particular location?

A That's correct.

Q All right, sir. What is the proposed location that you wish to drill this particular well?

A We propose to drill the well 360 feet from the West Line and 560 feet from the South Line of the 40-acre tract which is the Southeast Quarter of the Northwest

Quarter of Section 25, Township 11 North, Range 4 West, which this location is approximately 300 feet southwest of the center of that 40-acre tract.

Q Why didn't you locate it in the center?

A The sole reason for not locating the well in the center of the 40 was that that area is covered by beaver ponds and it would, according to our production engineer's estimate, it would cost approximately \$10,000 to \$12,000 to prepare a location in the center of the 40 rather as compared to the location that we're proposing.

Q If the Board grants this off-center location and a well drilled on that location and in the event you find hydrocarbons, would it adequately drain the hydrocarbons from that particular unit?

A In my opinion, it would.

Q Will the co-equal and correlative rights of all owners in interest be protected?

A Yes.

Q Will "waste" as defined in the statutes of the State of Alabama be protected?

A Yes.

Q Prevented, rather. Mr. Spooner, is this location,

is it in a known field?

A No, it's a wildcat well and the sole reason for asking for the off-center location is the terrain. We just want to get out of those beaver ponds.

Q What stratigraphic objective are you searching for?

A It's a Smackover test.

Q All right, sir. You say it's a wildcat so you don't know a whole lot about the geology other than to state that your stratigraphic objective is a Smackover well?

A That's correct.

Q And that you're asking this purely on economics as far as the beaver ponds and things are concerned that prevent you from drilling the well, is that what you're...

A That's correct.

MR. HOLIFIELD: All right, sir. We tender the witness for any questions that the Board may have. The reason for asking for this off-center location and a wildcat well, that we'd like to get in there and drill to see if there is some oil there.

REEXAMINATION BY BOARD OR STAFF

Questions by Mr. LaMoreaux:

Q Mr. Spooner, how far are you, how far is this location from the nearest producing field or producing well?

A This is just north of the Choctaw Ridge Field, I believe, I don't know...

Q Give us an approximation of the distance.

A Well, I believe it's approximately a mile north of the field. There are wells in Choctaw Ridge Field in Section 26 which is immediately south of this. Now, we are currently drilling a well in the southeast, I mean in the northeast-southeast of this same Section 25, and we're requesting this location so that we can move right on it in the event that we get a discovery over there so we wouldn't have to have an emergency hearing. We're trying to avoid an emergency hearing.

Q Now, there's no question in your mind with regard to this being a wildcat well?

A At this time, it is a wildcat well.

Q All right, and the reason that you're justifying this off-center location is strictly on the basis of topographic problems?

A That's correct.

Q In other words, it's the topography and not the structure or the stratigraphy or other factors?

A That's right.

MR. LaMOREAUX: Do you have any questions?

MR. WHITE: I have no questions.

MR. LaMOREAUX: We have no further questions.

Questions by Chmn. Cook:

Q Where is this in relation to Womack Hill Field? Is that near it?

A No, it's...

MR. HOLIFIELD: It's not close to Womack Hill.

Q Not at all?

A Eight or ten miles.

Q The reason we don't have any information like you furnished us on Womack Hill is because it is a wildcat?

A It's a wildcat well, right.

Q So we don't have anything to consider about any future spacing and so forth?

A No.

MR. HOLIFIELD: No sir, not a thing.

CHMN. COOK: Okay. Any questions on behalf of

the Board?

(No response)

CHMN. COOK: Lawyer, have you got any questions?

MR. STREET: No.

MR. HOLIFIELD: At this time, I'd like to ask or request that the Exhibit 1 to the testimony of Mr. Spooner be received into evidence and so marked.

CHMN. COOK: If there are no objections, the Board will receive it for that purpose.

(Whereupon, document above described was marked for identification and received in evidence as Exhibit No. 1 to the testimony of Harry Spooner)

CHMN. COOK: Is there anyone here who chooses to appear or who wishes to appear in opposition to the petition contained in Item 3 on today's agenda?

(No response)

CHMN. COOK: Anybody wish to make any comments?

(No response)

CHMN. COOK: If not, what's the wishes of the Board?

MR. EDDINS: In view of the fact that they're fighting beavers, I make a motion that the petition be

granted.

CHMN. COOK: You've heard the motion. Mr. Eddins moves that the petition contained in Item 3 be granted. Is there a second?

MR. MADDOX: I second the motion.

CHMN. COOK: Those in favor, say "aye" -- opposed, "no."

(All Board Members voted "aye")

CHMN. COOK: The "ayes" have it and the petition is granted. Thank you, gentlemen.

MR. LaMOREAUX: Mr. Chairman, the Item 4 is:

"Approval of minutes of November 18,

1971 and December 17, 1971 meetings."

Both sets of these minutes have been carefully read by the Staff and we are recommending them to you for approval.

CHMN. COOK: Could one motion cover both of those, Lawyer?

MR. WATSON: Yes.

CHMN. COOK: Is there a motion?

MR. MADDOX: I move that the minutes of both of those meetings be approved.

CHMN. COOK: Mr. Maddox moves that the minutes

of the November 18, 1971 and the December 17, 1971 meetings be approved. Is there a second?

MR. EDDINS: I second it.

CHMN. COOK: Those in favor, say "aye" -- opposed, "no."

(All Board Members voted "aye")

CHMN. COOK: The "ayes" have it and they are approved.

MR. LaMOREAUX: One further thing, about the next meeting.

CHMN. COOK: Let the record show that the Board will next convene on April 19th in Brewton, Alabama at 10:00 A.M. at the Courthouse.

MR. EDDINS: I move that we adjourn.

CHMN. COOK: There is a motion by our eminent senior citizen over here that we adjourn, and I second it. This meeting stands adjourned.


(Whereupon, at 12:40 P.M., March 15, 1972, the Regular Session of the Hearing was adjourned)

REPORTER'S CERTIFICATE

STATE OF ALABAMA }
COUNTY OF TUSCALOOSA }

I, Lou M. Chambers, Hearings Reporter in and for the State of Alabama, do hereby certify that on Wednesday, March 15, 1972, in the Board Room of the State Oil and Gas Board Building, University Campus, Tuscaloosa, Alabama, I reported the proceedings before the State Oil and Gas Board of Alabama in Regular Session; that the foregoing 87 typewritten pages contain a true and accurate verbatim transcription of said proceedings to the best of my ability, skill, knowledge and belief.

I further certify that I am neither of kin nor of counsel to the parties to said cause, nor in any manner interested in the results thereof.


LOU M. CHAMBERS
Hearings Reporter
State of Alabama