

INDEX

WITNESS	DIRECT EXAMINATION	EXAMINATION BY BOARD/STAFF
1. B. D. Kimberlin	10-12	13
2. Harry Spooner	15-20	20-21
3. Robert L. Wolfe	39-41	----
4. Jack Richardson	49-55	57-58
5. Ken Crew	59	----
6. Sam Bradshaw	68-73	----

EXHIBITS

TITLE	DESCRIPTION	OFFR'D	REC'D
Exhibit No. 1 (B. D. Kimberlin)	Work detail, Injectivity Test and Schematic Diagram	12	12
Exhibit No. 1 (Harry Spooner)	Plat for Louise Locke, State of Ala. Unit 15-1	16	16
Exhibit No. 2 (Harry Spooner)	Structure Map Womack Hill Field	20	20
Exhibit No. 3 (Harry Spooner)	Fault plane contour map Womack Hill Field	20	20
Exhibit No. 4 (Harry Spooner)	East-West cross section Womack Hill Field	20	20
Exhibit No. 1 (Robert L. Wolfe)	Plat of proposed drill site Sec. 21, T10N, R2W Turkey Creek Field Choctaw County		
Exhibit No. 1 (Sam Bradshaw)	Petition	73	73
Exhibit No. 2 (Sam Bradshaw)	Aerial map of South Carlton Field	73	73
Exhibit No. 3 (Sam Bradshaw)	Copy of electric log on Danner No. 5 well	73	73
Exhibit No. 4 (Sam Bradshaw)	Schematic diagram of salt water injection well	73	73

*Board  
Approved  
Sept 26, 1972  
W. Swann*

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

July 28, 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 28th day of July, 1972.

BEFORE:

BOARD MEMBERS

Mr. Drexel Cook..... Chairman  
Mr. Julian Maddox..... Associate Member  
Mr. Ralph Adams..... Associate Member

BOARD STAFF

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

(Reported by Jean W. Smith)

APPEARANCES

NAME	REPRESENTING
1. T. J. Holifield .....	Pruet and Hughes Company Laurel, Mississippi
2. Harry Spooner.....	Pruet and Hughes Company Jackson, Mississippi
3. Gordon Rosen.....	Universal Resources Corp. Tuscaloosa, Alabama
4. Bob Wolff.....	Universal Resources Corp. New Orleans, Louisiana
5. Phil Oramous.....	Associated Press Birmingham, Alabama
6. Allen Lackey.....	Shell Oil Company New Orleans, Louisiana
7. J. H. Williams.....	Shell Oil Company New Orleans, Louisiana
8. David M. Smith.....	Amoco Production Company New Orleans, Louisiana
9. Louis Sanantonio.....	Amoco Production Company New Orleans, Louisiana
10. Jack E. Truitt.....	Getty Oil Company New Orleans, Louisiana
11. Charles E. Tweedy, Jr. ....	Cleary Petroleum Corporation Jasper, Alabama
12. Jack K. Richardson.....	Cleary Petroleum Corporation Oklahoma City, Oklahoma
13. Ken Crew.....	Cleary Petroleum Corporation Oklahoma City, Oklahoma

APPEARANCES

(Continued)

NAME	REPRESENTING
14. Donald Neuschwander..... Atmore, Alabama	Self
15. Pelham Quimby..... Atmore, Alabama	Self
16. John Christopher..... Butler, Alabama	Self
17. Richard Raymond..... Tuscaloosa-Brewton, Alabama	State Oil and Gas Board
18. James D. Turner..... Citronelle, Alabama	State Oil and Gas Board
19. Tom Gillilan..... Tuscaloosa, Alabama	Shell Oil Company
20. W. W. Welch..... Tuscaloosa, Alabama	Shell Oil Company
21. S. K. Bradshaw..... Houston, Texas	Houston Oil & Minerals
22. John Blacksher..... Mobile, Alabama	Self
23. J.U. Blacksher..... Uriah	Self
24. Sam R. Stephenson..... Mobile, Alabama	First National Bank
25. L. G. Weeke..... Elba, Alabama	Cook Chevrolet
26. Melissa Brown..... Tuscaloosa, Alabama	State Oil and Gas Board

APPEARANCES  
(Continued)

NAME	REPRESENTING
27. Carol Watson.....	Self
Tuscaloosa, Alabama	
28. Mrs. Harry Spooner.....	Self
Jackson, Mississippi	
29. Jesse Ellard.....	Alabama Geological Survey
Tuscaloosa, Alabama	
30. W. E. Sistrunk.....	Interstate Gas Corporation
Fort Worth, Texas	
31. Bernice S. Wessner.....	Self
Flomaton	
32. J. R. Mouton.....	Humble Oil & Refining Company
New Orleans, Louisiana	
33. Roland D. Taylor.....	Humble Oil & Refining Company
New Orleans, Louisiana	
34. Tom P. Caldwell.....	Humble Oil & Refining Company
New Orleans, Louisiana	
35. Donald B. Moore.....	State Oil and Gas Board
Tuscaloosa, Alabama	

## PROCEEDINGS

(At 10:25 A. M., July 28, 1972, the hearing was convened in Regular Session)

CHMN. COOK: Shall we come to order. We will ask the Supervisor, Mr. LaMoreaux, to lead us in prayer.

(A prayer was offered by Mr. LaMoreaux)

MR. LAMOREAUX: Mr. Chairman, the meeting has been properly advertised in accordance with law, and a Notice of Meeting will be transmitted at this time to the recording secretary to be made a part of the minutes.

### NOTICE OF MEETING

"The State Oil and Gas Board will hold its regular monthly meeting on Friday, July 28, 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. Continued petition by Getty Oil Company, a foreign corporation but authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to enter an emergency order establishing Special Field Rules for Vocation Field, Monroe County, Alabama, in the Smackover Formation, said Special Field Rules to provide for 160 contiguous surface acre spacing.
- "2. Continued petition by Pruet and Hughes Company requesting the State Oil and Gas Board to amend Rule B-26 of Order No. 1

"of the State Oil and Gas Board of Alabama which became effective as of October 1, 1946. Rule B-26 of said Order No. 1 reads as follows:

" 'Rule B-26. DEVIATION TESTS. All wells must be drilled with due diligence to maintain a reasonably vertical well bore. The Board shall have the right to make or to require the operator to make a directional survey of the hole, at the request of an offset operator and at the expense of said offset operator prior to the completion of the well. '

"Petitioner, Pruet and Hughes Company is requesting that the aforesaid Rule B-26 be amended to allow the drilling of intentionally deviated wells so that the coequal and correlative rights of all of the owners of the land involved will be protected and that the owners will be enabled to recover their fair share of oil and other hydrocarbons underlying the drilling unit; that waste will be prevented and that the development of the natural resources in the area of an intentionally deviated well will be encouraged and promoted so that the ultimate in production of hydrocarbons may be fully realized. "

"3. Continued petition by Pruet and Hughes Company requesting the State Oil and Gas Board of Alabama to enter an order amending RULE B-3, B-1 Order No. 1 of the State Oil and Gas Board of Alabama. RULE B-3, B-1 of Order No. 1 of the State Oil and Gas Board of Alabama as amended by Board Order No. 70 reads as follows:



"'B. All oil wells:

1. Must be located on a drilling unit consisting of at least forty (40) surface contiguous acres and/or governmental quarter-quarter sections upon which no other drilling or producible well is located; and the location of the well shall be approximately at the center of the drilling unit but not to exceed one hundred fifty (150) feet from the center thereof, unless a special exception is granted by the Board after notice and hearing. '

"The amendment requested reads as follows:

"'B. All oil wells:

1. Must be located on a drilling unit consisting of at least forty (40) surface contiguous acres and/or governmental quarter-quarter sections upon which no other drilling or producible well is located; and the well shall be located at least three hundred thirty (330) feet from every exterior boundary of the drilling unit, unless a special exception is granted by the Board after notice and hearing. '"

"4. Petition by Shell Oil Company, a foreign corporation but authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to make permanent Emergency Order E-72-35,

"which said emergency order granted permission to Shell Oil Company to drill a well at the following off-center location:

"53' FNL, 661' FEL, SW/4 NE/4,

Section 3, Township 2 North, Range 4 East

Baldwin County, Alabama!"

"5. Petition by Pruet and Hughes Company, a foreign corporation but authorized to do and do and doing business within the State of Alabama, requesting the State Oil and Gas Board to make permanent Emergency Order E-72-36, which said emergency order granted permission to Pruet and Hughes Company to drill a well at the following off-center location:

"Louise Locke-State of Alabama Unit 15-1, Well No. 1

954' FEL, 215' FNL, S15, T10N, R2W

Womack Hill Field - Smackover Formation

Choctaw County, Alabama."

"6. Petition by Mobil Oil Corporation, a foreign corporation but authorized to do and doing business within the State of Alabama, for permission to convert a former producing well to a salt water disposal well, said well located as follows:

"Citronelle Unit A-25-6

739' N, 787' W of SE corner

SE/4 of NW/4

S25, T2N, R3W

Mobile County, Alabama.

"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

Secretary to the Board

State Oil and Gas Supervisor"

CHMN. COOK: Thank you, Mr. Supervisor. I would like to have your attention for a moment. I would like to introduce and announce the most recent addition to this Board, the President of Troy State University, Dr. Ralph Adams. On behalf of Mr. Maddox and myself, and of course the Staff, we are unusually pleased that a man of this stature and background would commit himself to this regulatory activity. At this particular time it is important we think because Alabama is supposed to be on the brink of being a big producer. His judgment and talent certainly will serve well toward that end. I am sure that you will find in your future dealings with him the kind of person I have just described. Go ahead, Mr. Supervisor.

MR. LAMOREAUX: The first item on the agenda dated July 28, 1972, is:

"Petition by Unit Manager, Citronelle Unit, Citronelle, Alabama,  
requesting the State Oil and Gas Board to enter an order authorizing  
the Unit Manager to convert the following former producing oil well  
to a salt water disposal well:

Citronelle Unit A-25-6

739' N, 787' W of the Southeast Corner

SE/4 of the NW/4

S25, T2N, R3W

Citronelle Field

Mobile County, Alabama"

MR. LAMOREAUX: Those that are here in behalf of this petition should  
come forward.

(Copies of exhibits were passed to Board and Staff)

MR. KIMBERLIN: As you know, all the water at Citronelle...

CHMN. COOK: Mr. Kimberlin, as you customarily do, address yourself to  
the record.

MR. KIMBERLIN: My name is B. D. Kimberlin, Production Superintendent  
for Mobil Oil Corporation, Citronelle Unit, Citronelle, Alabama.

MR. LAMOREAUX: Mr. Kimberlin, if you are going to give testimony,  
would you stand and raise your right hand.

(Witness was duly sworn by Mr. LaMoreaux)

MR. LAMOREAUX: Let the record show the secretary swore the witness in.

MR. KIMBERLIN: This became necessary due to a casing failure in one of our disposal wells, A-25-11. Attempts to repair the casing in the well were unsuccessful, so we selected another well that was shut in, a former oil well, it had been converted to an injection well. It was not taking any water so it was a good candidate. It is outside the city limits of the City of Citronelle, whereas the other well had been inside the city limits, and is a better location. The zone for disposal is a Tuscaloosa Sand at approximately 7966'-8850', electric log measurement. This zone has been a disposal zone in well D-7-4. It was also the primary zone in well A-25-11, the one we are abandoning. There is attached to your sheet, on the second page, a detail of the work that we have done to convert the well to salt water disposal. Samples of the water were taken. We ran a nitrogen jetting service and took a sample of the water. It showed a chloride of 119,000 parts per million which is very high as far as being fresh. It is definitely salt water. On the next page is an injectivity test which was run on the well with Halliburton prior to beginning any injection. Now, last I think is a schematic diagram, if you will turn to it, showing the details of work that has been done. These little triangles in the area here show where cement has been pumped to seal off the producing formation--the Rodessa Formation--that has been all covered with cement, then the zone has been perforated and a squeeze was performed above the injection zone and cement pumped up the casing as well as surface pipe and an intermediate string above it that has been cemented to seal off any possibility of getting into any fresh water zones that are up the hole. Now, all the fresh water zones in this area are above 1200 feet. The surface casing was set

to a depth of 1822 feet and cemented. So we are assured that we will not get any salt water in any fresh water zone. I would like to make one other entry into this on the record. It is that if we do have trouble in this zone, we have done some calculations on the salinities of sands at 2,000-2200 feet. I did give an affidavit to that effect. Mobil's geologist in New Orleans has done electric log calculations to show that an average salinity of this interval of 19,000 parts per million which is considered a salt water interval. I would like to, if we do have trouble with this zone, to have the option to move up into this area to inject salt water. That's all I have as far as this petition is concerned.

CHMN. COOK: Mr. Watson.

MR. WATSON: Mr. Kimberlin, if you intend to make that a part of the record, let me have one copy, and you should ask that it be received.

MR. WHITE: I have the original.

CHMN. COOK: Well, it's the request of the petitioner that the information be received by the Board for informational purposes. Is that correct, Lawyer?

MR. WATSON: Yes, sir.

CHMN. COOK: Any objections?

MR. WHITE: No, sir.

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

(Whereupon, Exhibit No. 1 was received  
in evidence to the testimony of B. D.  
Kimberlin.)

CHMN. COOK: Any questions of Mr. Kimberlin?

MR. LAMOREAUX: With regard to this alternative, is that 2,000?

MR. KIMBERLIN: Yes. This zone is presently being used for injection in SWD No. 1 that is located at A-25-5 for disposal in that area. Samples that had previously been run showed a chloride content of 26,000 parts per million.

MR. LAMOREAUX: I would grant that those chlorides are high and the water would be classified as salty. I would prefer though that if possible we go to the deeper horizon because the 100,000 parts per million chloride is way out of range for possible use, and it would be better if we could use that. I would rather than just give a blanket authority on 2,000, I would rather we stick to this petition and withhold action.

CHMN. COOK: Well, there's nothing in the petition that asks for anything other than that. Is that what you are saying?

MR. LAMOREAUX: That's right. Rather than granting a contingency in the event this proposal will not work.

MR. KIMBERLIN: This work has already been done to this point. We are completed in these lower zones and I should have...

MR. LAMOREAUX: They should work. Mr. Bailey, is everything in order as far as records, and have you studied this matter?

MR. BAILEY: Yes, with the exhibits he has presented today as part of his testimony, I believe this is in order, and I recommend that the Board approve it.

CHMN. COOK: Is there any further question on the part of the Staff or Board? You understand then that the petition itself as it is written contains no contingency?

MR. KIMBERLIN: That's right.

MR. LAMOREAUX: That's correct.

CHMN. COOK: What's the pleasure of the Board, gentlemen? Is there a motion?

MR. MADDOX: Mr. Chairman, I make a motion that the petition be granted as outlined in Item 1.

CHMN. COOK: It's been moved--is there a second?

MR. ADAMS: I second.

CHMN. COOK: It's been moved and seconded that the petition contained in ITEM 1 on our agenda be approved. Those in favor say "aye"--opposed "no."

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the petition is granted. Item 2.

MR. LAMOREAUX: Item 2 is:

"Petition by Pruet and Hughes Company requesting the State Oil and Gas Board to make permanent Emergency Order E-72-36, which said emergency order granted permission to Pruet and Hughes Company to drill a well at the following off-center location:

954' FEL, 215' FNL

S15, T10N, R2W, Womack Hill Field

Choctaw County, Alabama"

MR. LAMOREAUX: Would the petitioner please come forward?

MR. HOLIFIELD: Mr. Chairman, if the Board please, my name is T. J. Holifield, representing the Petitioner. I have one witness and I would like to



have him sworn.

MR. LAMOREAUX: State your name.

MR. SPOONER: Harry Spooner.

(Witness was duly sworn by Mr. LaMoreaux)

MR. LAMOREAUX: Let the record show that the secretary swore the witness.

MR. HOLIFIELD: State your name, please.

MR. SPOONER: Harry Spooner.

CHMN. COOK: Would it be helpful now if I just point out that the gentleman's qualifications have been accepted previously before this Board. We won't question him this time.

MR. HOLIFIELD: Yes, sir, that would be excellent and we will go right on into the main part. Gentlemen, this morning we have four exhibits I believe, and they all have been packaged and at this time we would like to pass them out and take them up in order.

(Copies of exhibits were passed to Board and Staff)

HARRY SPOONER

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

Questions by Mr. Holifield:

Q Mr. Spooner, I hand you a plat and ask you to please identify it.

A Exhibit 1 is a location plat for the Louise Locke-State of Alabama Unit 15-1 well, operator Pruet and Hughes-Pelto Oil Company.

Q Now, this plat was prepared by Joseph Thomas Williams, registered surveyor, State of Alabama, No. 9688. Is that correct?

A That's correct.

MR. HOLIFIELD: Mr. Chairman, if the Board please, we would like to offer Exhibit 1 into evidence as a general exhibit as being prepared by a registered engineer, just showing the facts as they exist by this particular engineer.

CHMN. COOK: Any objection, if not the Board will receive Exhibit 1 for that purpose.

(Whereupon, Exhibit 1 was received in evidence to the testimony of Harry Spooner)

(Questions continued by Mr. Holifield)

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

A Well, it shows the location for the Pruet and Hughes-Louise Locke, State of Alabama Unit 15-1 well. It also shows the location of the Tombigbee River in the vicinity of the location. We are asking for an exceptional location here--and off-center location--because the Tombigbee River covers the center of the 40-acre tract that the well is permitted on and we have drilled a directional hole from this same location, actually 50 feet south of the location for this well. We just skidded the rig 50 feet north and are drilling a vertical hole for this unit. It was not possible to get any further east in the unit than we are because we couldn't get any closer than about 120 feet to the river.

Q Is that because of high bluffs up...

A The river has high banks and it would be dangerous to set the rig up any closer than that to the river. It might cave in.

Q In other words, you are saying that the land that is shown to the west of the river is the only dry land that's on the unit then, except for a little small portion on the very southeast corner which is not adequate.

A Right.

Q Are you stating to this Board that that is the only logical or practical place that you could set a rig?

A The only feasible place to drill a vertical hole on this 40-acre tract.

Q All right. Let's go to Exhibit No. 2. It's entitled "Structure Map." Was this prepared by you or under your direct supervision?

A Yes, it was.

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

A Yes, it does.

Q Please explain to the Board exactly what the structure map depicts.

A This structure map is of the Womack Hill Field and it is similar to the map we have presented in previous hearings. We have additional control on the east side of the field provided by the Pruet and Hughes-Turner Unit 14-4 well. This is a directional hole drilled from the west bank of the Tombigbee River under the river and the bottom hole location lying in the NW/4 of NW/4 of Section 14. The well encountered the fault--the main field fault--at approximately 8800. At the "x" mark on the dotted line between the surface location

and the bottom hole location, that's the point that the fault encountered the well bore. And the fault was encountered a little higher than we expected indicating that it has a bend to the southeast in this area. A little different than our previous interpretation. Other than that, there is not much difference in this and what we presented previously. The Turner 14-4 well, incidentally, had about 35 feet of net oil pay in the Smackover and encountered the Smackover considerably above the oil-water contact in the field.

Q Now, the well in question is now being drilled, is it not?

A That's correct. Unit 15-1 well is drilling at this time at about 5000-6000 feet.

Q All right, sir, I hand you a copy of Exhibit No. 3. Was this prepared by you?

A Yes.

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

A Yes, it does.

Q Would you please explain to the Board exactly what this exhibit depicts?

A Exhibit 3 is a fault plane contour map of the main east-west fault that extends through the Womack Hill Field. All the production is on the upthrown north side of this fault. It would be north of the dash line which is shown as the approximate upthrown trace of the fault at the top of the Smackover. As discussed previously in regard to the structure map, the fault bends southeast in the vicinity of the Unit 15-1 well.

Q Again, this is the same fault plane contour map you previously submitted only it's been updated to show the recent well?

A That's correct.

Q Now, I hand you your Exhibit No. 4 which is entitled "East-West Cross Section, Womack Hill Field" and ask you if this exhibit was prepared by you or under your direct supervision?

A Yes, it was.

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

A Yes, it does.

Q All right, sir. Please explain to the Board exactly what Exhibit No. 4 depicts?

A If we keep going we are going to have more paper than we can get unrolled in the room I think. This is the east-west cross section including all the producing wells in the Womack Hill Field, and we have added the Turner 14-4 well on the east side of this cross section. This was a directional hole. We put it on the cross section as vertical however because it is difficult to put a log on here at an angle. The well had about 35 feet of net pay. It's shown in green on the lower cross section. The Locke State Unit 15-1 well is shown by the--the location for that well is shown by the red line between the last two wells on the left side of the cross section. This is an inside location and for that reason primarily there would be no inequities by drilling this well at an off-center location. The well won't get any more or less oil in my opinion by drilling at this location than it would by drilling at a location at the center of the forty. We have real good control in the area with wells on both sides.

Q Mr. Spooner, are you familiar with the term "Waste" as defined in the laws of the State of Alabama?

A Yes, I am.

Q In your opinion, will the drilling of this well, should the Board grant this order, prevent avoidable waste as defined in the statutes?

A Yes.

Q In your opinion, would the coequal and correlative rights of all parties of interest be protected if the Board should grant this order.

A Yes, it will.

MR. HOLIFIELD: At this time we would like to request that Exhibit 1-- introduce into evidence Exhibits 1, 2, 3, and 4 to the testimony of Mr. Spooner and ask that they be marked and so received into evidence.

CHMN. COOK: Exhibit No. 1 has already been received by this Board into evidence. Would your request be that we receive Exhibits No. 2, 3 and 4? Any objections--hearing none, the Board will receive those exhibits into evidence.

(Whereupon Exhibits 2, 3, and 4 were received in evidence to the testimony of Harry Spooner)

MR. HOLIFIELD: We tender the witness to the Board and Staff for any questions they might have.

CHMN. COOK: Any questions of Mr. Spooner? Mr. White.

#### EXAMINATION BY BOARD AND STAFF

##### Questions by Mr. White:

Q Mr. Spooner, I notice on your Exhibit 2 you have outlined an area in red.

Is this what you propose as the unit for this Louise Locke-State Unit 15-1?

A That's the drilling unit for this well.

Q Is this what's proposed as a spacing unit?

A Well, we will, as we have done previously, we will have to come back and ask for a producing unit after the well is completed.

Q You are not at this time asking for a producing unit?

A No.

MR. WHITE: Thank you.

CHMN. COOK: Any further questions, gentlemen?

MR. LAMOREAUX: That resolves questions that other members of the Staff had. I do think that it might be wise at this time since this involves acreage beneath the river, we did notify Mr. Ed Reynolds who is Chief of the Lands Division, Conservation Department, of this item on the agenda. He was not able to be here but I notice that Mr. Bill O'Rear is here with the Conservation Department, and I would like to give Bill an opportunity to make any statement at this time.

MR. O'REAR: Mr. LaMoreaux, could I have about five minutes to look at these maps?

MR. LAMOREAUX: Yes, sir. Mr. Chairman, it might be wise to find out if there are any in the audience and then perhaps we could just hold the final action on this until Mr. O'Rear could get back with any comments from the Conservation Department.

CHMN. COOK: Is there anyone here who chooses to appear in opposition to

Item 2 on today's agenda? Anyone here in opposition? If not, the Board will carry this matter over temporarily. Item 3.

MR. LAMOREAUX: Item 3 is:

"Petition by Shell Oil Company requesting the State Oil and Gas Board to make permanent Emergency Order E-72-35, which said emergency order granted permission to Shell Oil Company to drill a well at the following off-center location:

53' FNL, 661' FEL, SW/4 NE/4

S3, T2N, R4E

Baldwin County, Alabama"

MR. LAMOREAUX: Would the Petitioner please come forward?

MR. LACKEY: Mr. Chairman, I am Allen Lackey representing Shell and we ask the Board to grant this petition on the basis of our prior testimony.

CHMN. COOK: Since this is an emergency order, is there any testimony on the record?

MR. WHITE: This is to make permanent an existing emergency order, Mr. Chairman.

MR. LAMOREAUX: He should reintroduce the information into evidence.

MR. LACKEY: Pardon me, Mr. Chairman, we discussed this I thought.

MR. WILLIAMS: I'm J. H. Williams, Shell Oil Company, I had called up here for Mr. White to talk to him about this matter, and I think I talked to a member of his staff. I'm sorry I don't remember the name, and I asked if it would be necessary to represent the testimony that we presented last time...



MR. LAMOREAUX: You don't need to re-present it. All that you are asking is that it be incorporated into this meeting of the Board. It was an emergency matter and the data heard and all you are doing now is just asking that this data be reintroduced at this time. You don't need to re-present it.

MR. LACKEY: We just didn't make the proper request then.

CHMN. COOK: I think it is this way. I think that we granted an emergency order based on the information presented to this Staff and related to the Board. As far as I know there is nothing on the record...

MR. WHITE: Yes, sir, there is. It was presented at the last meeting as an emergency and...

CHMN. COOK: It was on the last...

MR. LAMOREAUX: We have all the testimony.

CHMN. COOK: Well, what is his request?

MR. WATSON: To incorporate those materials heard at the last meeting into this meeting and for you to make that order permanent.

MR. LAMOREAUX: You see, this matter was properly advertised and now you need to make that emergency order permanent if you wish to do so.

CHMN. COOK: Any further questions? Any objections to making the previous testimony part of the record? Again, I ask the audience if there is anyone who wishes to appear in opposition to this item on the agenda--Item 3. Anyone who wishes to oppose this item? If not, what are the wishes of the Board?

MR. MADDOX: Mr. Chairman, I make the motion that Item 3 be granted as outlined in their petition--Item 3 for Shell Oil Company.

CHMN. COOK: Is there a second?

MR. ADAMS: I second it.

CHMN. COOK: It's been moved and seconded that the petition contained in Item 3 on this day's agenda be approved. Those in favor say "aye"--opposed "no".

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the petition is granted. Item 4.

MR. LAMOREAUX: Item 4:

"Continued petition by Pruet and Hughes Company requesting the State Oil and Gas Board of Alabama to enter an order amending RULE B-3, B-1 Order No. 1 of the State Oil and Gas Board of Alabama. RULE B-3, B-1 of Order No. 1 of the State Oil and Gas Board of Alabama as amended by Board Order No. 70 reads as follows:

"'B. All oil wells:

1. Must be located on a drilling unit consisting of at least forty (40) surface contiguous acres and/or governmental quarter-quarter sections upon which no other drilling or producible well is located; and the location of the well shall be approximately at the center of the drilling unit but not to exceed one hundred fifty (150) feet from the center thereof, unless a special exception is granted by the Board after notice and hearing.

"The amendment requested reads as follows:

"B. All oil wells:

1. Must be located on a drilling unit consisting of at least forty (40) surface contiguous acres and/or governmental quarter-quarter sections upon which no other drilling or producible well is located; and the well shall be located at least three hundred thirty (330) feet from every exterior boundary of the drilling unit, unless a special exception is granted by the Board after notice and hearing. ' "

MR. LAMOREAUX: Those petitioning should come forward.

MR. HOLIFIELD: Mr. Chairman, my name again is T. J. Holifield, representing the Petitioner in this matter. We presented testimony at the, I am not sure if it's the April or the May meeting, we had two witnesses at that time. We presented the testimony and at this time we would like to introduce by reference the testimony we presented at that time including all the exhibits, petitions, notices and everything we presented at that time, and ask the Board to go ahead and consider. The only thing that I recall that you requested--I believe the attorney for the Board was going to the Interstate Compact Commission at that time to check and see what additional data, if any, they had uncovered there. So we have no additional information or testimony to submit, so we submit to the wishes of the Board.

CHMN. COOK: You have heard the gentleman's request. Are there any objections? Would you restate your request Josh?

MR. HOLIFIELD: That the testimony and exhibits, the documents and petitions, everything that we had presented previously in this matter before the Board be introduced now, be accepted by way of reference, to that testimony.

CHMN. COOK: Is there any discussion or any objection to the gentleman's request?

MR. WHITE: I think our attorney has some findings that he might want to...

CHMN. COOK: Is there any objections, gentlemen? Does that meet with the wishes of the Board? Your request is granted sir. Now, it is a fact that we asked our attorney to make comparisons for the purpose of acting on this petition, and we ask him if he has a statement at this time.

MR. WATSON: Yes, sir, Mr. Chairman. We surveyed all the producing states and have found that the 330 foot rule is in practice there and that this is not a novel approach. This is followed by major producing states within the Interstate Oil Compact Commission, and the request is certainly in order.

CHMN. COOK: Now, Mr. LaMoreaux suggested that there are other representatives of the industry here who might want to comment on this rule change. If so, feel free to come forward.

FROM THE AUDIENCE:

Mrs. Wessner: May I ask a question?

CHMN. COOK: Yes, ma'am.

MRS. WESSNER: My question was, and I haven't been attending the meetings, when you mentioned 40 acres, is that limited to a certain depth of drilling? As I understood a well must be in a section--I mean in a forty.

CHMN. COOK: Yes, ma'am, I think you are correct. Would you care to answer...

MR. WHITE: This is for wildcat wells only, Mrs. Wessner. It does not apply to field wells.

MRS. WESSNER: And does it have a depth limitation?

MR. WHITE: No, ma'am.

CHMN. COOK: I hope you heard Mr. White when he said that this only applies to wildcat wells.

MRS. WESSNER: Yes, sir. I did and I understand that.

CHMN. COOK: Anyone else in the audience have a question or a comment?

FROM THE AUDIENCE:

MR. CALDWELL: Mr. Chairman, I am Tom Caldwell, representing Humble Oil and Refining Company.

CHMN. COOK: Mr. Caldwell.

MR. CALDWELL: At the prior hearing on this cause Humble entered a concurrence. We would like to again enter our concurrence in the proposal for rule change.

CHMN. COOK: Thank you, Mr. Caldwell. Any other expression?

FROM THE AUDIENCE:

MR. SMITH: Mr. Chairman, I'm David Smith with Amoco Production

Company in New Orleans, and we would also like to concur in the matter presented by Pruet and Hughes.

CHMN. COOK: Thank you, sir. Any other statement?

FROM THE AUDIENCE:

MR. TRUITT: Mr. Chairman, Jack Truitt representing Getty Oil Company. At the original hearing Getty Oil concurred in the petition and we now again concur in this petition.

CHMN. COOK: Any further comments on the petition?

FROM THE AUDIENCE:

MR. SISTRUNK: Mr. Chairman, I'm W. E. Sistrunk from Fort Worth representing myself and Interstate Gas Corporation, and we wish to concur in this matter.

CHMN. COOK: Thank you Mr. Sistrunk.

FROM AUDIENCE:

MR. RICHARDSON: Jack Richardson with Cleary Petroleum Corporation, Oklahoma City. I was not at the original hearing on this, but if I understand it correctly from what I read in the petition, we are in favor of these changes.

CHMN. COOK: Thank you, sir. Any further comment? Now, gentlemen, you have witnessed this great show of unanimity. Is there anyone here who wishes to oppose this petition? This is a situation to which I am very unaccustomed. Yes, Mrs. Wessner.

FROM THE AUDIENCE:

MRS. WESSNER: I would like to say that I am grateful that I have experienced this. I had a wildcat well on my land so I concur. It was just that I didn't

understand.

CHMN. COOK: Thank you, Mrs. Wessner. Any further comments pro or con? Let's proceed. Any questions on the part of the Staff or statements on the part of the Board or Staff?

MR. LAMOREAUX: Mr. Chairman, the Staff recommends that the action be taken.

CHMN. COOK: The Staff recommends that we approve this petition. Is there a motion?

MR. MADDOX: Mr. Chairman, as the Board is very desirous of seeing as much drilling in Alabama as it can get going, I make the motion that Item 4, petition by Pruet and Hughes be granted.

MR. ADAMS: I second it.

CHMN. COOK: It's been moved and seconded that the petition contained in Item 4...Just a moment, Mr. Sistrunk.

MR. SISTRUNK: I believe you made reference to Item 4 and are discussing Item 5, at least on this program sheet that I have got here.

CHMN. COOK: My agenda shows the matter under consideration to be Item 4, Mr. Sistrunk.

MR. WHITE: I think you have the advertisement, Mr. Sistrunk, the agenda is different.

MR. SISTRUNK: You are entirely right. The one I have here is--that is correct. Referring to the one I made a statement concerning, it is Item 4 and I concur.

CHMN. COOK: We appreciate your concern. We are not beyond making these type errors. We have in the past. So it's been moved and seconded that the petition contained in Item 4 be granted. Those in favor say "aye"--opposed "no."

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the petition is granted. Item 5.

MR. LAMOREAUX: Item 5:

"Continued petition by Getty Oil Company, a foreign corporation but authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to enter an emergency order establishing Special Field Rules for Vocation Field, Monroe County, Alabama, in the Smackover Formation, said Special Field Rules to provide for 160 contiguous surface acre spacing."

MR. LAMOREAUX: Would the Petitioner please come forward.

MR. TRUITT: Gentlemen, this matter was fully heard at the May meeting of the Oil and Gas Board, and Getty Oil's position has not changed in this matter. However, we are not prepared to move forward at this time, and as an accommodation to the people who come up here monthly expecting some type of action on this, Getty Oil would move that this matter be dismissed without prejudice. Now this matter was continued on the Board's own motion, and I am just suggesting that motion as an accomodation to the many people that come up here monthly expecting some type of action on this matter.



CHMN. COOK: Thank you, sir, would you please reidentify yourself for the record?

MR. TRUITT: My name is Jack Truitt with Getty Oil Company.

CHMN. COOK: If I understand the gentleman's request, it's to dismiss this matter without prejudice--not a continuance.

MR. WHITE: That's correct.

CHMN. COOK: Any discussion?

MR. WHITE: We recommend that it be dismissed.

CHMN. COOK: Now, in the audience, if there is anyone here who has an interest in Item 5, Item 5 on the agenda, let me redefine what the gentleman's request is. He is requesting that the matter be dismissed without prejudice which to me means that it could be readvertised and petitioned again at any time. Is that correct? Now is there anyone who wishes to comment on this petition? Yes, sir.

FROM AUDIENCE:

MR. NEUSCHWANDER: If it's dismissed, what per acre spacing will the Quimby well be put on?

CHMN. COOK: Would someone care to answer the gentleman's question?

MR. WHITE: Under the broad provisions of Order No. 1, it would be on 40 acres for the present time. I might ask Mr. Truitt what disposition is being made of the royalty monies accruing from production that have been escrowed?

MR. TRUITT: After the last Board meeting, Mr. White, we submitted this matter to our Law Department, and the royalty proceeds from date of

first production up to May 24, 1972, have been relinquished and as to royalty proceeds accruing since that date, those royalty proceeds have been placed in suspense pursuant to an order entered by this Board.

MR. WHITE: What would be your company's position if this matter is dismissed as far as the royalties on the Quimby well are concerned? After May 24.

MR. TRUITT: Mr. White, our position is that although we may have a different feeling as to the legality of the order, nonetheless at this time we feel that we are compelled to suspense and hold those royalties until there is some type of additional action.

CHMN. COOK: You are saying that you are placing the funds in escrow for later distribution?

MR. TRUITT: Yes, sir.

CHMN. COOK: Might I ask the gentleman if your question relative to the Quimby well has been answered to your satisfaction?

MR. LAMOREAUX: I would like to have your name, please sir, for the record.

FROM THE AUDIENCE:

MR. NEUSCHWANDER: Donald Neuschwander, landowner. I'm just wondering what is going to be the position on that in any other future wells in that field. Are they going to be 40-acre spacing then or are they...

MR. WHITE: Mr. Neuschwander, they will be permitted on 40 acres with the option left with the Board to change that to whatever acreage would be most

suitable for the field, but they would be permitted originally on forty acres.

MR. NEUSCHWANDER: Will that be retroactive than back to the Quimby well too or will...

MR. WHITE: These monies will all be put into escrow until the Board makes a final decision as to the spacing.

MR. LAMOREAUX: Mr. Neuschwander, one of the big problems here is the fact that we have the discovery well without a confirmation well and without adequate information for the Board or the Staff to make the most equitable decision on behalf of the operator, owner--property owner--, etc., and this is the problem and rather than make a decision that might be erroneous and create problems, it's been necessary to be very careful in analyzing the situation before a final decision is reached.

CHMN. COOK: We might further elaborate that this petition contains special field rules for Vocation Field and if it is dismissed, then of course there are no field rules under consideration at this time. The issue is just not here. Now, the gentleman in the back had a question.

FROM THE AUDIENCE:

MR. STEPHENSON: Yes, Mr. Chairman, I'm Sam Stephenson. I'm Vice President and Trust Officer of the First National Bank of Mobile. Our bank represents considerable mineral and royalty interests in around this Vocation Field and two of our trust beneficiaries are here, Mr. John and James Blacksher. We don't speak in opposition too much as just to make a comment that these people are very much concerned that a final determination

be made of the matter so that they can soon enjoy the proceeds of the well.

And we as I say don't oppose the motion that Getty has made, but we do want to present their viewpoint that it soon be brought to a conclusion.

MR. LAMOREAUX: Mr. Stephenson, let me assure you that the Board would like to go ahead and make a decision also in behalf of the people involved, and so does the Staff. We will do everything within our power to encourage the procurement of the necessary facts so that an equitable decision can be made. And I can understand your position and property owners. If I had potential royalty in an area like this, I would be greatly concerned too.

MR. STEPHENSON: Fine, we just wanted to have our position known .

CHMN. COOK: We appreciate your comments, Mr. Stephenson, and in response to your concern, the Staff and the Board will maintain a keen interest in this matter until it's resolved.

MR. STEPHENSON: Thank you, sir.

CHMN. COOK: Anyone else choose to comment?

MR. LAMOREAUX: Could I ask Mr. Truitt one other question?

CHMN. COOK: Mr. LaMoreaux.

MR. LAMOREAUX: What are the plans for additional drilling that will give us more facts on the area? This has been a discouraging thing, and I can understand your position here.

MR. TRUITT: Mr. LaMoreaux, it is premature to comment now. I would not want this to be taken as a representation on the part of the company, but at this point we are regrouping, so to speak, after some of the unfortunate things

that have happened to us in that field. The matter of drilling an additional well is being considered at this time, but as I say, it is premature to discuss it and it is tentative.

MR. LAMOREAUX: Is there any reason that you know of that there won't be the most expeditious pursuit of exploration through this field?

MR. TRUITT: Yes, sir, I would think there should be.

MR. LAMOREAUX: In other words you say that every opportunity will be taken to go ahead with the exploration and development of the field by your company and presumably by other companies with interest in the area?

MR. TRUITT: Yes, sir.

MR. LAMOREAUX: I think that's as far as we can go. It's just unfortunate that the two offset wells were dry and perhaps the audience doesn't realize it but this particular oil and gas reservoir is a very complex thing and it seems unbelievable that you can drill two wells offset to the discovery well and not get a producer, but it's happened in this case so we will just have to push ahead as fast as we can.

CHMN. COOK: Mr. Truitt, one of the lesser informed members of this group thought that you might have found oil in a cylinder rather than a pool and that is going to be difficult to explain to those folks back in the rear. We hope that by that reason you might keep the Board informed by regular progress reports so that they might answer the questions of Mr. Stephenson and his clientele.

MR. TRUITT: We will certainly be happy to, Mr. Chairman.

CHMN. COOK: Any further question of Mr. Truitt? Counselor, apprise me of the request now. He is requesting the Board that this matter, Item 5, be dismissed without prejudice. Any further discussion on the matter? What's the wishes of the Board?

MR. MADDUX: Mr. Chairman, I make the motion that Item 5, petition of Getty Oil Company, be dismissed without prejudice.

CHMN. COOK: Is there a second?

MR. ADAMS: I second it.

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

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the gentleman's request is granted.

Item 6.

MR. LAMOREAUX: Item 6 is:

"Petition by Universal Resources Corporation requesting the State

Oil and Gas Board to enter an emergency order approving the drilling..."

CHMN. COOK: Might I interrupt the Supervisor. Since Item 6 might require some explanation should we go...

MR. LAMOREAUX: I tried to get an indication of interest from the back of the room with regard to this matter and I got a blank stare so...

CHMN. COOK: He's had his five minutes. He has never needed that long before.

MR. O'REAR: Could I blank stare just a little longer, please?

CHMN. COOK: We defer to the gentleman's blank stare and go right back to Item 6.

MR. LAMOREAUX: Item 6 is:

"Petition by Universal Resources Corporation requesting the State Oil and Gas Board to enter an emergency order approving the drilling of a well at the following described exceptional location:

"1956' FWL, 349' FSL

S21, T10N, R2W, Turkey Creek Field,

Choctaw County, Alabama"

MR. LAMOREAUX: Would those petitioning the Board on this matter come forward.

MR. ROSEN: Gentlemen, my name is Gordon Rosen. This is Mr. Bob Wolfe with Universal Resources Corporation. I am actually substituting on short notice for Mr. William Utsey of Butler, Alabama.

CHMN. COOK: Mr. Rosen, now the gentleman you have here, if he is going to make expert testimony, maybe you would want the Supervisor to swear him in.

MR. LAMOREAUX: State your name, please.

MR. WOLFE: I'm Robert L. Wolfe, representing Universal Resources.

(Witness was duly sworn by Mr. LaMoreaux)

MR. ROSEN: What we are requesting here is an exceptional location and emergency order for that because of the topography of the land in which the well is to be drilled and the conservation aspects under the rules of the Choctaw National Wildlife Preserve. This well normally would have been drilled 500 feet from the--north of the south line of the Southwest Quarter of Section 21,

but due to the location of a lake and a slough that also contains water, it was impossible to put the well at that location. The well cannot be drilled further north than 349 feet from the south line and it must be--the drilling of this well must be commenced prior to September 1 otherwise it will have to lay over until next summer ~~as not to~~ disturb the nesting of the ducks on that lake. For that reason we ask for this emergency order on this exceptional location.

CHMN. COOK: Are you offering this information here, material, in exhibit form?

MR. ROSEN: Not necessarily in exhibit form, Mr. Chairman, but rather as an aid to Mr. Wolfe's testimony. I don't know that it needs to be made as an exhibit. I am going to call on Mr. Wolfe to answer some questions if the Board would like to hear testimony.

CHMN. COOK: Proceed. I hope that the gentleman will state his position and his qualifications.

MR. WOLFE: Mr. Chairman, I am a landman and do work for Universal Resources. I was instrumental in getting this location staked and with the cooperation of the manager of the wildlife refuge in Choctaw County, and they were the people who gave us permission to put it at this particular point and would not let us go any farther north. Now, I have been physically down there and have seen the lake and the slough and do feel the location...

CHMN. COOK: Now is there any question on the gentleman's qualifications or expert testimony on this matter?



MR. WHITE: Mr. Chairman, I don't think he gave any qualifications.

MR. WOLFE: I am not a geologist. I'm just a landman.

MR. WATSON: You might tell the Board what a landman's responsibility is.

MR. WOLFE: A landman's responsibility is to get leases, location sites, and problems we have, right-of-ways, etc. --paperwork.

MR. ROSEN: Mr. Chairman, in further response to your earlier question, I would like for the drawing or the plat that was distributed by Mr. Wolfe to be marked as an exhibit so that he can be questioned on it from ~~this~~ exhibit. I ask that it be marked Exhibit 1.

CHMN. COOK: Any objections? If not, the exhibit will be so marked.

ROBERT L. WOLFE

appearing as a witness on behalf of Petitioner, Universal Resources Corporation, having first been duly sworn, testified as follows:

Questions by Mr. Rosen:

Q Mr. Wolfe, referring to Exhibit 1, would you explain to the Board what it represents?

A Exhibit 1 represents a survey made by an engineering survey company out of Jackson, Mississippi and shows the physical location of the proposed well with a drill site around it and the roads going into the location. Now, in order to get to this particular location we have to follow the field roads already in the reserve. The route was approved and accepted by the Wildlife representative.

Q Can you point out to the Board the location of the lake and slough in reference to that drill site?

A The slough is--runs parallel to the road all the way through there. Then there is about 20 or 30 feet and then there is a lake out in this area and it just follows it on over. It's kind of a watershed storage for the breeding of the ducks in that particular area.

CHMN. COOK: You are saying that the routes that you can take to the drilling site are restricted because of...

A Because of the refuge. They don't like roads cut through the thing and so we have to follow the roads that are already there. Pruet and Hughes has three wells just below in the next section there and we are following their field roads to this point.

Q Mr. Wolfe, could you explain to the Board who you have conferred with in reference to the ecological aspects here--the conservation aspects--of this well?

A I talked with Mr. Robert Lyons in Atlanta last Tuesday and presented this same plat.

MR. LAMOREAUX: Who is Mr. Lyons?

A He is the regional director of the preserve for the Department of the Interior. They have given us the verbal approval and we will have to conform with all the regulations they will set up as to the work that we can do in there, and we intend to do that. We also intend to have Pruet and Hughes operate this well in the event it is productive and put in the same type of installation they have on the other wells in the field.

MR. WHITE: Would you explain that in more detail, Mr. Wolfe?

MR. WOLFE: I beg your pardon?

MR. WHITE: Would you explain that well construction in more detail?

MR. WOLFE: Well, I understand that--I am not an engineer--I understand that they have automatic valves and have to build a metal container around the well so if anything happens it shuts off by itself and will not contaminate the refuge, etc.

(Questions continued by Mr. Rosen)

Q Would you explain to the Board the necessity for the exceptional order?

Emergency order, excuse me.

A Yes, sir. Mr. Lyons informed me that they do not allow any drilling within the refuge from around the first of September until the summer, but if you start a well prior to the first of September they will let you continue it until you either abandon it or have a producer.

MR. WHITE: Mr. Wolfe, how long have you known this fact?

MR. WOLFE: Since last Tuesday.

CHMN. COOK: It is certainly understandable by you that the Board has a dislike to act on emergency orders. I am sure you would understand that. I am sure you have just explained why you are making--this is an emergency--I didn't hear you. Would you kindly do it again?

MR. WOLFE: Mr. Chairman, when we first decided to drill this well we thought we would have no problem in getting a regular permit because, correct me if I am wrong, this particular field is on 160-acre units, and we could make the location 500 feet from an exterior line. We had planned to make the location

even farther than that. This was our original proposed location which is almost in the center here and about 500 or 600 feet from the east line. When we got our surveyor out there, it took him a couple of days to do this and get this thing located, he called me back and said it was impossible to get more than 349 feet from the south line because of the sloughs and the lakes, etc., and the refuge people would not let you go any farther north in this particular 160 acres and then you are bounded to the west over here by the river.

MR. MADDOX: In other words, you have known since last Tuesday?

MR. WOLFE: Yes, sir, well late last week or early this week. If the slough and the lake had been another 150 feet north, we would have had a legal location as I understand it. Is that correct, Mr. White?

MR. WHITE: I'm sorry...

MR. WOLFE: I said if the slough and the lake had been 150 feet further north, then we would have been 500 feet from the south line. We would have a legal location without an emergency location.

MR. WHITE: That's correct.

CHMN. COOK: Is it the determination of the Staff that the gentleman has got a genuine...

MR. LAMOREAUX: I think there is very definitely an emergency action justified here because of the timing that Mr. Wolfe has stated. My only concern would be because it is an emergency action our Staff has not had the time to confirm--I don't see any reason why the Board couldn't go ahead and grant the emergency petition. Everything is in order, and I will check on that with

Mr. Bailey, and later make it permanent. And in the interim our staff can confirm the testimony of the witness.

CHMN. COOK: In this same connection, would the lawyer state to the gentleman what the Board's latitude is with respect to emergency orders?

MR. WATSON: Yes, as you know, the Board can hear an emergency order without advertising it and the emergency order, if promulgated, has a life expectancy of 45 days. It must be either made permanent prior to the expiration of that time or it will automatically become null.

MR. WOLFE: Then we should come back next time. . . .

MR. WATSON: That's correct, you should petition the Board, if it grants you the emergency order, to make the emergency order permanent at its next regular meeting.

MR. WOLFE: I understand that.

MR. LAMOREAUX: You must realize also the full limitations on granting the emergency order.

MR. WOLFE: I understand.

MR. LAMOREAUX: Well, if they understand that, I don't see any problem.

CHMN. COOK: All right, gentlemen, you have heard the request in Item 6. What's your pleasure?

MR. MADDOX: Mr. Chairman, I make the motion that the petition by Universal Resources Corporation as outlined in Item 6 be granted.

MR. ADAMS: I second it.

CHMN. COOK: It's been moved and seconded that the petition by Universal

Resources Corporation as outlined in Item 6 on the agenda be granted. Those in favor say "aye"--opposed "no".

(All Board members voted "aye")

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

CHMN. COOK: Has the "blank stare" given any notice yet?

MR. O'REAR: Mr. Chairman, having once again proven the value of a blank stare, the State has no objection to granting this petition.

CHMN. COOK: Now, we will proceed in a further air of unanimity. So, by that reason we can revert to Item 2 that we carried over temporarily.

Gentlemen, state your wishes. Is there a motion on Item 2?

MR. MADDUX: Mr. Chairman, I make the motion that the petition by Pruet and Hughes as outlined in Item 2 be granted.

CHMN. COOK: It's been moved and seconded that the petition by Pruet and Hughes Company as outlined in Item 2 be granted. Those in favor say "aye"--opposed "no".

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the petition is granted. Item 7.

MR. LAMOREAUX: Could we have the attention of the audience, please, and would you shut the door, Mr. Cather. Tell the people in the hall to please move on down. Item 7:

"Petition by Cleary Petroleum Corporation requesting the State Oil and Gas Board to enter an emergency order requiring all owners of

"interests whether known or unknown to integrate their interests and to develop lands as a drilling unit within Section 3, Township 12 South, Range 15 West, East Detroit Gas Field, Lamar County, Alabama."

MR. LAMOREAUX: Petitioner, please come forward.

MR. TWEEDY: Mr. Chairman, may we consider Petition 8 which is the same thing except for Section 11. Can we consider them all at the same time?

MR. LAMOREAUX: You could by permission of the Board.

CHMN. COOK: Lawyer, can we consider both items at the same time?

MR. WATSON: Yes, sir.

MR. LAMOREAUX: Then I will read into the record Petition 8 by Cleary Petroleum Corporation.

"Petition by Cleary Petroleum Corporation requesting the State Oil and Gas Board to enter an emergency order requiring all owners of interests whether known or unknown to integrate their interests and to develop lands as a drilling unit within Section 11, Township 12 South, Range 15 West, East Detroit Gas Field, Lamar County, Alabama." You can proceed.

MR. TWEEDY: My name is Charles Tweedy, Jr. I'm an attorney in Jasper, Alabama, representing Cleary Petroleum Company, and I have with me Mr. Jack Richardson who is the Chief Engineer for Cleary Petroleum Company for the Alabama operation, and who will be a witness in the case. I also have Ken Crew who is on a contract basis involved in the obtaining of

leases in Alabama. He will possibly be a witness too, and I would like for them to be sworn. I may have to testify on this one slight matter.

MR. LAMOREAUX: Why don't we swear them all in, lawyer and all.

CHMN. COOK: You all stand and the Supervisor will swear you in.

MR. LAMOREAUX: We will take you in order. Please state your name.

MR. RICHARDSON: Jack Richardson.

MR. CREW: Ken Crew.

MR. TWEEDY: Charles Tweedy.

(Whereupon witnesses were duly sworn by Mr. LaMoreaux)

MR. TWEEDY: You have seen the petition which was filed in this cause. It was asking for an emergency order allowing Cleary Petroleum Company to be named the operator and to drill in Section 11 and also in Section 3 in the township and range mentioned up there in the petition which is all located in East Detroit Field, a gas field, in Lamar County, Alabama. If you will permit me, I will make this explanation. I believe it will be a little clearer.

CHMN. COOK: Proceed, Mr. Tweedy.

MR. TWEEDY: Champlin Petroleum Company, as you know, was the operator and driller in several different sections up that way, in particular Section 9 and Section 10 in East Detroit Field. Since then we had a meeting with the Oil and Gas Board with Champlin and also with Mr. Houge who at that time was a vice president of Cleary Petroleum and who is no longer with them. He has started out on his own company. He at that time assured the Board that if the trade went through with Champlin Petroleum that they were negotiating for, that Cleary Petroleum would proceed to try to develop the Fayette Field,



the gas in East Detroit Field, and try to move on promptly. There was some dissension because of the fact that Champlin was not moving as fast as they should. Since that meeting, Champlin has sold out to Cleary Petroleum Company. I do not know the amount except I know that it is a substantial amount. Cleary did pay Champlin for all their interests and all their leases in that matter. Now, there was some question about them not moving along fast enough. Cleary has now come in. They have drilled five wells in Fayette County, Alabama, as to what they want to say about that I'll leave that up to the witness or whether the Board wants to ask anything. They are now ready to move into the East Detroit Field, in Lamar County, Alabama, drill on Section 3 and Section 11. In Section 11, and I will be testifying some on--this is testimony now. In Section 11, title has been checked, leases have been obtained on--from all the landowners--and have been obtained by various companies. Cleary Petroleum Company owns 43.750 percent; Cardinal Petroleum Company owns 15.625 percent; Guernsey Petroleum Company 6.250 percent; APCO Oil Corporation 12.500 percent; Southland Royalty Company 6.250 percent; Interstate Gas Corporation 3.125 percent; W. E. Sistrunk 3.125 percent; that makes a total of 90.625 percent with it all signed--operating agreement with Cleary Petroleum Company consenting that Cleary Petroleum Company be named and designated as the operator and driller or producer in said Section 11. There has been no signed agreement as yet received from Peninsula Exploration Company, Corpus Christi, Texas, who owns 6.25 percent. They have just not said either way whether they protest, agree or not agree. They just haven't given any answer nor have

they actually had a signed agreement from Russell E. McDowell of Olney, Illinois. You gentlemen know him. He has been here before. He has 3.125 percent so there is 9.375 percent not signed. There is a total signed of 90.625 percent. That is in relation to Section 11, and if I may say so, Mr. Walter Sistrunk, and he may be sworn as a witness too, and I will just say this here though and if I am wrong, Walter, correct me on this. I believe Mr. McDowell told you last night he would consent to sign the 3.125 percent as soon as we could get it up to him.

(Mr. Sistrunk nodded affirmatively)

Now, that is in Section 11. As I say the title has been carefully checked, but we want some protection against possible unknown owners or unknown assignees or lessees at the time of filing the petition. All the landowners have signed leases, the standard lease which I understand has the pooling and integration agreement. Now, this comes to the Board as a petition on an emergency basis, and I will ask Mr. Richardson certain matters about that, and I would like to ask him to explain why it is an emergency basis and why he needs an emergency order on it.

CHMN. COOK: Mr. Tweedy, would you give the qualifications of the gentleman?

MR. TWEEDY: Oh, yes, excuse me. What is your name and state your qualifications for being able to testify and give the information on how long you have been in the oil and gas business and what your connections are.

MR. RICHARDSON: I'm Jack Richardson. I graduated from the University

of Oklahoma in 1960 with a degree in geological engineering. I worked six years with Shell Oil Company as an exploitation engineer involved in all phases of petroleum engineering and petroleum geology. At that time, I left Shell Oil Company and went to work for Cleary Petroleum Corporation of Oklahoma City and started out as an exploitation engineer and was promoted up to Chief Engineer for the company and now am responsible for all production and engineering for Cleary Petroleum Corporation in the United States. I am specifically responsible for the operations in Alabama.

MR. LAMOREAUX: Have you testified before the Oil and Gas Board in Alabama?

MR. RICHARDSON: No, not before the Oil and Gas Board. I am qualified in Oklahoma.

MR. LAMOREAUX: When did you go to the University of Oklahoma?

MR. RICHARDSON: From 1957 to 1960.

MR. LAMOREAUX: Who was the Oil and Gas Supervisor in Oklahoma at that time?

MR. RICHARDSON: I believe Mr. Jones was Supervisor at that time.

MR. LAMOREAUX: That's all. I have no further questions.

CHMN. COOK: Any further questions on the gentleman's qualifications? If not, the qualifications will be received by the Board.

JACK RICHARDSON

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

MR. RICHARDSON: We took over Champlin's interest in existing wells and their leases in Alabama, particularly the western portion of Alabama, effective June 27 of this year. We, like Mr. Houge previously told you, we were interested in developing as speedily as possible the natural resources of western Alabama. We are particularly interested in the East Detroit area. We understand there has been quite some delay in development there. We are interested in satisfying the landowners that we can develop and will develop this area. We want to get it developed so that we can get the gas on sale so that they can start drawing income from these wells. We would also like to establish-- it is an emergency that we establish additional reserves in this area as soon as possible. Yesterday, in our office, we were negotiating with two intrastate gas companies, intrastate companies who will be marketing their gas within the State of Alabama. We are going to try to keep this gas in Alabama. There is one company that we negotiated with, I would prefer not to tell which companies they were, has a limited market but they need the gas immediately and they are going to have to know from us in a very short time whether we are going to be able to make our gas available to them or not. The other intrastate company that we are negotiating with has a very large market and in order--there are going to be large capital expenditures involved in laying a pipeline to satisfy these intrastate customers, so we have to develop additional gas to prove that this pipeline can be justified. Whether you are aware or not, there is from conversation with these people and people in towns of northwestern Alabama--their officials--there is becoming a gas crisis out in that area, a shortage of

of gas. We want to get in and develop as fast as possible to help satisfy, to curtail this crisis.

Questions by Mr. Tweedy:

Q Is there anything further you want to say on that part?

A Also, we have a commitment with a drilling contractor that we would like to get started within 15 days. We would like to get started drilling first in Section 11 and then Section 3 will follow.

CHMN. COOK: Mr. Richardson, are you aware that this Board and Staff has maybe an unusual concern about this field. I am sure Mr. Tweedy has told you.

MR. TWEEDY: I have explained that thoroughly to him.

CHMN. COOK: No reflection on Mr. Tweedy, but I would like to restate it for the record. This Board, in my judgment, acted very cooperatively with Champlin on certain matters up here to expedite the production of this field--the marketing of the product--and we thought that we, we think that by this action we led the folks in that area to believe that they were soon to be beneficiaries of this production, and it has not come to pass, and I think that by reason of that we look right bad about it. I would like you to know the position of the Board upon the matter. We want somebody to do something about the thing as per the agreement we had with Champlin and your company would be aware of this.

MR. RICHARDSON: Yes, we are aware of that.

(Questions continued by Mr. Tweedy)

Q Along that line, without any delay, how long has it taken you to drill the last four wells in Fayette County?

A It has taken about seven to eight days to drill these wells.

Q To drill each well. Do you plan to move right along in the East Detroit Field in the same manner that you used here?

A Yes, sir.

Q Do you anticipate any unusual delay up there?

A No.

Q Now...

A Let me say this. We don't anticipate any unusual delay up there as long as we are able to get the cooperation of the other interest owners in the area.

Q Now, the--about Section 3--I'll track this law and I'll finish it all. About Section 3, you have Champlin's interest in that also do you?

A Yes.

Q Now, the ownership, and if I'm correct on that part, the ownership is Cleary has 26.87500 percent; Cardinal Petroleum has 23.28125 percent; APCO Petroleum has 8.7500 percent. These are people that have the leases on it and all the companies who have taken the leases from the landowners. That totals 58.90625 percent that you have where they signed this operating agreement for Cleary Petroleum Company to be the operator in Section 3. Is that correct?

A Yes.

Q Now, again, I may refer to Mr. Sistrunk. Mr. Sistrunk has 12.96875 percent; Mr. McDowell, whom we spoke about just a few minutes ago, has 1.5625 percent; Mr. Bob Tatum has 7.8125 percent; Guernsey Petroleum has 6.2500 percent; Peninsula Petroleum has 6.2500 percent; Interstate Gas Company has 3.1250 percent; John J. Harry has 1.5625 percent; D. W. Skelton has 1.171875 percent; E. R. Alley has .390625 percent; makes a total of 41.09375 percent; and again I refer to Mr. Walter Sistrunk who has said that he speaks for himself, Mr. Alley, Mr. Skelton, Mr. Harry, Interstate Gas, Mr. Tatum, and Mr. McDowell. Now, this is all on Section 3.

FROM THE AUDIENCE:

MR. SISTRUNK: They all concur and will execute the necessary paperwork.

MR. TWEEDY: Now, with that that gives us about 88 percent that have indicated--that have actually signed and indicated that they will concur in this matter.

MR. RICHARDSON: I think I made a false statement. As far as actual signing of the operating agreement, this operating agreement has not been circulated to all parties on this section, but we do have approval from those three companies to drill this well.

(Questions continued by Mr. Tweedy)

Q Now, will you being named as operator and drilling one well there on Section 3 and Section 11, would you proceed to drill it and commence production and complete the well without any unnecessary due delay?

A Yes, we would do it as quick as possible--as reasonably possible.

Q Then what time would you expect to be on production--start drilling on wells in one of those sections?

A We are planning to start the well in Section 11 by August 15 and the well in Section 3 will follow in a week to two weeks. Now, we don't have all of our titles cleared to Section 3 and that may cause a delay there.

Q Is that being worked on by your attorneys---clearing the title in Section 3?

A Yes.

Q Do you anticipate any trouble there in talking to them so far?

A Not yet.

Q Now, will the drilling of a well if you are named the operator, will the drilling of one well in Section 3, one well in Section 4, will that--first are you familiar with the definition of waste and had it read to you--the definition of waste as contained in the Code of Alabama with respect to that?

A Yes.

Q Will the drilling of one well on each of those sections avoid the drilling of unnecessary wells and prevent waste?

A Yes.

Q Will it--what's the permeability or porosity of those wells? Is it good or...

A It is very good for that area of the basin.

Q In your judgment, would one drilled drain adequately all the gas in each section?

A Very definitely drain 640 acres.



Q Any question about that in your mind?

A There's no question.

Q Now would that afford the owners of each tract in that drilling unit the opportunity to recover or to receive his just and equitable share of gas in the pool without unnecessary expense?

A Yes.

Q And that would prevent or minimize reasonable avoidable drainage from the unit not equalized by counterdrainage and protect and enforce the coequal and correlative rights of all the owners in the common source so that each owner would receive his just and equitable share of gas produced therefrom?

A Yes.

Q In other words, the man who is at the farthest end of the section would receive the same amount proportionate as the man right at the well?

A Yes, sir.

Q Is it necessary to have an operator named for each of these sections?

A Yes, it is.

MR. TWEEDY: Now, I might state--does the Board care to ask him any further questions?

MR. LAMOREAUX: Yes, some of the Staff will have questions to direct to him.

MR. TWEEDY: Do you want me to state something so you can ask me--I want to testify about the matter.

MR. LAMOREAUX: Yes.

MR. TWEEDY: I represent the Water and Gas Board at Jasper, Alabama. I am also interested in the amount of gas that is supplied to the Cordova Gas Board. For some time, over a year, in Jasper, and I know this for a fact, we have been unable to supply any gas to any new residence, to any theater, to any school building. They have come there and petitioned the City Board and petitioned the Gas Board and have tried to put pressure on that way. The gas is not there. We do not have it for any house or any building that is new. Going in that way has to be heated by propane or has to be heated by coal or has to be heated by electricity. I'm President of Vulcan Asphalt Refining Company, Cordova, Alabama, which is an asphalt refining company. We are cut off from gas every day. We have a shortage there and have to use our own fuel oil which is a lot more expensive. Birmingham Forest Products, a large paper plant or plywood plant there at Cordova, Alabama, they also have put in-- they have to use propane--they are not even fixed to use fuel oil. Whoever designed the plant, and I make no criticism of it, didn't make the arrangements so that they could use fuel oil. They have to use propane gas. They are cut off. I understand their bill is extremely high on account of having to use propane gas. The same situation exists there as it does in Jasper. They can't get any gas. They have tried; we have tried. We would like to have more. I think an emergency does exist insofar as Jasper is concerned. I am sure it does at Cordova.

CHMN. COOK: Thank you, Mr. Tweedy. Do you want to tender your witness for questioning at this time?

MR. TWEEDY: Yes, sir. Yes, sir, I tender Mr. Richardson.

CHMN. COOK: Mr. Watson.

MR. WATSON: Mr. Richardson, I have just a few questions to clarify--

MR. LAMOREAUX: Tom, both of you gentlemen are going to have to speak up and project your voices a little, please sir.

#### DIRECT EXAMINATION BY BOARD OR STAFF

##### Questions by Mr. Watson:

Q I have a few questions that you may have covered that I want to clarify. You did say, did you not, that you have an operating agreement signed for Section 11?

A Yes.

Q You do not have an operating agreement signed for Section 3?

A No, we do not.

Q We have heard that the parties will sign, you anticipate the parties signing that agreement that have outstanding interests?

A Yes, sir.

Q When do you expect to have the operating agreement signed for Section 3?

A The operating agreement will be circulated immediately. The first part of next week, and we should have the majority approval of the operating agreement, I would expect next week.

Q If I can delve over into a little area for a minute, if my colleague at the other end of the table in petroleum engineering will indulge me, do you plan to drill both units at one time, that is Section 3 and 11?

A No, sir.

Q Which unit do you plan to drill first?

A We plan to drill the Section 11 first.

Q My concern, Mr. Richardson, here is that we have statements, sworn statements granted, that these other interests will sign an operating agreement which will give you 88 percent of the interests in Section 3. Do you plan to commence drilling on Section 3 before an elapsed period of 30 days from today?

A That would be our plan provided that our title is clear in Section 3 and provided that we get sufficient approval of the operating agreement.

MR. WATSON: That's my concern, Mr. Chairman, here. In Section 11 we have the operating agreement signed, the title has been checked.

MR. TWEEDY: It's 90 percent.

MR. WATSON: 90 percent in Section 11.

MR. TWEEDY: I did not check the title. I am not checking the title on any of this. He has...

MR. WATSON: Yes, sir, I understand, but you made the statement here that the title has been checked.

MR. TWEEDY: That is correct. That's what I'm told.

MR. WATSON: And we have in Section 3 no operating agreement signed and the title has not been checked. I point that out...

MR. TWEEDY: Completely.

MR. WHITE: What percentage has been checked?

MR. CREW: Mr. Chairman, may I qualify myself for the Board, please?

MR. TWEEDY: Is it all right for him to testify and answer some of that?

This is Mr. Ken Crew.

CHMN. COOK: Yes, sir. I would first like to find out if the engineer indulged the lawyer because I am sure he did when he practiced law last week.

MR. LAMOREAUX: The gentleman is already sworn in.

CHMN. COOK: Now, since we got an insincere matter, proceed.

MR. CREW: I'm Ken Crew. I'm an independent petroleum landman. I have been in the oil business--petroleum industry--for about 19 years. I was employed by Cleary to acquire leases, check titles, and assist in negotiating contacts for the drilling of these wells in Alabama.

MR. TWEEDY: Section 3 is what they are particularly interested in.

MR. CREW: Well, I am still qualifying myself, I guess. Are there any questions on that score?

MR. LAMOREAUX: Your academic background?

MR. CREW: I have a BA in psychology from Oklahoma City University. My industry experience has been landman duties for 15 to 19 years.

MR. LAMOREAUX: No further questions.

KEN CREW

appearing as a witness on behalf of Petitioner, Cleary Petroleum Corporation, having first been duly sworn, testified as follows:

MR. CREW: Section 3 as far as having been examined is concerned, they are all examined, the titles are examined, but we don't have the results of those examinations yet. The title opinions are in the hands of the attorneys in Lamar County, and we don't know at this point, we can know in a day or two what the title situation looks like. But right now we have no idea but there is no indication from our discussions with the attorneys that there are any problems in Section 3 at all.

Questions by Mr. Tweedy:

Q Have they alerted you or notified you that there would be any questions to any titles to the land in Section 3 ?

A No, they have not notified me, and it has been our understanding that should there be anything that they would come across during their examination, they would let us know.

Q So you feel like the title is all right in Section 3 although you have not received the actual written report?

A That would be my feeling, yes.

MR. WATSON: Mr. Richardson, would it impede the progress of Cleary Petroleum Company to advertise this matter as a regular item at the next regular Board meeting? You have heard today the concern of the Board of handling items as emergency petitions and here you have a substantial amount of outstanding interests that you do not have signed. Would that impede your drilling progress, the activity of your drilling contractor?

MR. RICHARDSON: Yes, it very likely could. I think it would be very

questionable whether we could hold this contractor over to the next month. Now, of course, there are other drilling contractors, but we have had very good luck with this one. We would like to stay with a winner. We also, like I have brought up previously, we have this one intrastate pipeline company which needs an answer very, very soon on how they are going to supply their gas needs for this coming winter.

MR. WATSON: Mr. Chairman, it would be my recommendation to the Board, after hearing the response to my questions, that if you consider granting the order for Section 3, that you do so contingent upon Cleary Petroleum furnishing the Staff, as soon as the operating agreement is signed, as soon as this matter is cleared up, all the data that they do not have on Section 11 so that-- this is the way that the Board has historically proceeded and this Section 3 is just a little different from that. That is the reason I am concerned here about force integrating these interests in Section 3.

CHMN. COOK: Well, I think for the benefit of the audience, we are talking about here, that is an emergency petition but only carried with an 88 percent holding provided everybody keeps their word. Is that a fact?

MR. WATSON: Yes, sir.

MR. TWEEDY: That's correct. We do think they will.

CHMN. COOK: Provided everybody keeps their word--I'm certain they will too, but provided they keep their word. If they didn't keep their word, then this Board would have force integrated a 46 point something interest in a field. Is that correct?

MR. WHITE: This is what I was asking, Mr. Chairman.

CHMN. COOK: Well, I'm sorry, I didn't hear your question.

MR. WHITE: What percentage do they currently have signed?

MR. TWEEDY: In 3?

MR. WHITE: In 3.

MR. TWEEDY: We have 90.625 percent in 11 so there is no problem...

MR. WHITE: My question is what percentage in 3 do you have signed?

MR. RICHARDSON: We don't have any signed, Gene. The operating agreement has not been circulated. It will be circulated the early part of next week.

MR. WHITE: Well, Mr. Richardson, what I am asking you is what percentage do you now--can you state that you own or have control of at this point in Section 3?

MR. RICHARDSON: Cleary Petroleum Corporation has...

MR. CREW: We have authority for expenditure but not the operating agreement signed on 3 which would be roughly 69 percent.

MR. TWEEDY: That's what Mr. Sistrunk says here.

MR. CREW: But the operating agreement has not been signed.

CHMN. COOK: Well, Mr. Sistrunk has stated for the record what he is going to do.

MR. TWEEDY: He has 12.96875 percent which would make a total of 71.875 percent.

MR. WHITE: In other words, you have that in hand?



MR. CREW: Yes. Authority for expenditures.

MR. WHITE: That's what I was trying--you have a preponderance of interests in hand?

MR. CREW: Yes, sir.

MR. WHITE: Approximately 3/4 of a percent?

MR. TWEEDY: Yes, sir, approximately 3/4 of the total.

MR. WHITE: Approximately 3/4 of the total, I'm sorry. This was what I was trying to clarify.

MR. TWEEDY: And with Mr. Sistrunk's statement to the Board that he represents these others, that would amount to 88 percent if he does have the other part.

FROM THE AUDIENCE:

MR. SISTRUNK: There are some of those in the mail. They are on the way.

MR. WATSON: My concern is simply that we have all of this just as we have on Section 11, and I just point that out.

CHMN. COOK: Now, gentlemen, two witnesses have appeared. Do you have any further questions of these witnesses?

MR. LAMOREAUX: I have no further questions of the witnesses.

CHMN. COOK: Might I ask a question of the Staff. Is it in the minds of the Staff, is this truly an emergency situation based on...

MR. LAMOREAUX: I think, Mr. Chairman, that is an emergency in the sense that the Board on its own action has asked this company and its predecessor, Champlin Oil Company, to proceed as quickly as they could to develop this reserve

of gas, and I think that it behooves the Board then and the company to coordinate as closely as they can toward that objective. It's in the interest of the landowners of the area; it's in the interest of good conservation; and it's in the interest of producing Alabama's energy reserves, so I would say yes. I would define it as an emergency situation. I think that the Board can take an action where it is well documented that they have the interest necessary, then you can take that action in a positive way. If they haven't got enough to satisfy the Board, if they do not have enough interest, then I think you could take an action contingent on the receipt by the Staff that sufficient interest, and you could define that interest, sufficient interest was received.

CHMN. COOK: Then it is your opinion that by granting this emergency order that the objectives of the previous owner might be brought about earlier. Is that correct?

MR. LAMOREAUX: Yes, sir.

CHMN. COOK: If there is no further question of these gentlemen, let's make sure if there is anyone in this audience who chooses to comment on this petition. It affects a lot of folks and we wouldn't want to overlook anyone.

Mr. Sistrunk.

MR. SISTRUNK: Mr. Chairman, I might just add to what Mr. Richardson just said. There are certain interests in the process of being transferred at this moment, which is one reason Cleary couldn't get an operating agreement out there. There are just not no records and of course they have to stand on records. They know of these interests and they are attempting to get a record

and then get this operating agreement out, but everybody concerned, all these parties and these companies, are anxious to drill both wells, perfectly willing to execute the instruments just as soon as Cleary's office can prepare them. At participation of \$1200 a day, if that rig stops. If we start that regular session and we have to wait a week, it will be 7 times \$1200.

CHMN. COOK: Might the Board and Staff then draw from what you said that you wouldn't object to a contingency placed upon this order if they grant it that the information that you don't now have...

MR. SISTRUNK: I'm satisfied Cleary can satisfy you. It's certain that they will be able to but there is no objection on anybody's part. There are no unleased lands, there are no island acreages in there. It is all leased and it is in the hands of people in the oil business.

MR. TWEEDY: You all want to see Cleary move on, do you not, Mr. Sistrunk?

MR. SISTRUNK: Yes, we do.

CHMN. COOK: Thank you, Mr. Sistrunk. Is there anyone else who chooses to comment on this petition? Anyone here in opposition to the petition? Any further questions of the petitioner?

(No response from the audience)

MR. MADDOX: Do we need any kind of specification in this thing...

CHMN. COOK: I think we do. I think it would not be objectionable to the counselor for the petitioner if our attorney wrote a contingency in case the

Board chooses to grant this order. It would not be would it, Counselor?

MR. TWEEDY: I didn't catch that.

CHMN. COOK: We don't think it would be objectionable to you and your clients if our attorney wrote in a contingency with the granting of this order if the Board chooses to grant it.

MR. WHITE: On Section 3.

CHMN. COOK: On Section 3.

MR. TWEEDY: That is a contingency--it would be signed?

CHMN. COOK: Yes, sir.

MR. TWEEDY: Is that agreeable, Jack?

MR. RICHARDSON: Yes.

CHMN. COOK: Well, it just puts you in a more mobile position. If you have trouble, you are not without recourse.

(At this point the Board went off the record  
for approximately 5 minutes)

CHMN. COOK: Now, we are talking about, Dr. Adams and Mr. LaMoreaux, about Item 8. Does the Board have any wishes about Item 8 on the agenda?

MR. TWEEDY: That's in Section 11?

CHMN. COOK: Yes, sir, Item 8.

MR. MADDOX: Mr. Chairman, as you know the Board and the Staff, we have been catching--I would say something else but I had better not--about the delay in this. Therefore, I make the motion we grant the petition by Cleary Petroleum Corporation as outlined in Item 8.

MR. ADAMS: I second it.

CHMN. COOK: It's been moved and seconded that the petition by Cleary Petroleum Corporation outlined in Item 8 be granted. Those in favor say "aye"--opposed "no".

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the petition is granted. We will just hold ourselves in abeyance here for a moment if we may.

MR. LAMOREAUX: Mr. Chairman, while the attorney works out the wording on that, you may wish to go ahead and take action on Item 10.

CHMN. COOK: That's an excellent recommendation. Item 10--would you read that, Mr. Supervisor?

MR. LAMOREAUX: Item 10 is the approval of minutes of June 21, 1972, meeting. The Staff has reviewed these. They are in order and they recommend them to you for approval.

MR. MADDOX: I make the motion that we approve them.

MR. ADAMS: I second the motion.

CHMN. COOK: The motion has been made and seconded that the minutes of June 21, 1972, meeting be approved. Those in favor say "aye"--opposed "no".

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and that's approved.

MR. LAMOREAUX: Now, there is another item that is not listed on this agenda. I understand there is a representative present, a petitioner present, who would like to introduce another item and would that person come forward at this time?

MR. BRADSHAW: I'm Sam Bradshaw...

CHMN. COOK: Sam, would you hold it just a moment. We temporarily carried over Item 7. There now is a motion relative to Item 7 on the agenda. May we hear the motion?

MR. MADDOX: I make the motion to grant the petition by Cleary Petroleum as it appears in Item 7 on our agenda contingent upon the receipt of the signed operating agreement for Section 3.

MR. LAMOREAUX: Mr. Chairman, just hold that in abeyance a minute and go ahead with this.

CHMN. COOK: The Supervisor requests we hold up on this item. Would you reintroduce yourself for the record, please?

MR. BRADSHAW: Yes, sir. Sam Bradshaw with Houston Oil and Minerals, Houston, Texas. The petition we are requesting here is an emergency order to allow us to convert a well for salt water disposal in the South Carlton Field, Baldwin County, Alabama. The well is the Danner No. 5, Permit No. 1531, Section 11, Township 3 North, Range 2 East. It's located 660' FWL and 1980' FSL. Now I have never testified before your Oil and Gas Board.

CHMN. COOK: Now, the first thing to do is get comfortable.

MR. BRADSHAW: Get comfortable?

CHMN. COOK: Yes, sir, I think there are those here who might make you uncomfortable before we are through. No, that is not true, Sam. Would you explain to the Board why it is an emergency?

MR. BRADSHAW: I think it is an emergency for two reasons. Let me give you a little background. These wells were drilled--the three wells in this field were drilled in October or thereabouts, 1969. At that time the production tests on the wells were, at best, discouraging. I think our management would call them inconclusive. We are approaching the time when our primary lease expires on the property. It expires next month and we felt like it would be wise for us to go back into the field and retest these wells under more favorable conditions. The time of the year was not the best when the wells were drilled, and we would like to retest one of the wells. In order to do this, we feel that it is going to produce some salt water, and we need to have a way to dispose of it.

CHMN. COOK: Do you have any information that you want to submit to the Board? In exhibit form or otherwise?

MR. BRADSHAW: Yes, sir, I do. I have four exhibits here.

CHMN. COOK: We were talking when you first started your testimony. You might want to reidentify yourself and tell who you represent and in what capacity.

MR. BRADSHAW: Again, I am Sam Bradshaw with Houston Oil and Minerals Corporation, Houston, Texas. My title is Operations Manager. My experience is, first, I graduated from the University of Oklahoma in 1963 with a BS in petroleum engineering. And then I got a masters degree in 1964 from the same university. Following my graduation, I went to work for Humble Oil and I served in various reservoir engineering assignments with Humble from 1964 through 1971. In May of '71 I went to work for Houston Oil and Minerals and have been in their employment since that time. Are there any questions on that?

CHMN. COOK: Any questions on the gentleman's qualifications?

MR. LAMOREAUX: No questions.

CHMN. COOK: Mr. Watson, the gentleman has submitted an appeal here marked Exhibit 1. What is the proper procedure for receiving this information?

MR. WATSON: Ask that it be marked for identification at the time that he testifies concerning these exhibits, and then move that they be received into evidence upon the completion of your testimony on the exhibits.

MR. BRADSHAW: Mr. Chairman, I request that the exhibits which I have handed out marked Exhibits 1, 2, 3, and 4 be marked for identification at this time. I will present testimony on them and then ask that they be received into the record.

CHMN. COOK: Any objections? Hearing none, Exhibits 1 through 4 will be received by the Board for purposes of identification.

(Whereupon, Exhibits 1, 2, 3, and 4 were marked for identification)

MR. BRADSHAW: Exhibit 1 was the petition that we filed with the Board. You can tell from the date that it was filed July 17. Since we have no other operations in Alabama, I would have to state that we were somewhat unacquainted with methods of operation as far as the hearings and so forth are concerned and we were quite surprised to find out the hearing would be coming up on a regular basis this soon. So this letter was filed very late as far as getting on your agenda, and that is why we are not on the agenda. But this letter spells out our request to use the Danner No. 5 as a salt water disposal well. Are there any questions?



CHMN. COOK: Any questions on Exhibit No. 1?

MR. BRADSHAW: Exhibit No. 2 is an aerial map showing the location of the proposed injection well in relation to the South Carlton Field. It also shows our other two wells which are located in Section 11. Any questions on that?

CHMN. COOK: Any questions on Exhibit 2, gentlemen? Mr. Bailey, you have reviewed this material, haven't you?

MR. BAILEY: Yes, I have.

CHMN. COOK: Do you have any questions?

MR. BAILEY: No, sir, I have no questions.

CHMN. COOK: All right. Proceed, Mr. Bradshaw.

MR. BRADSHAW: Exhibit 3 is a two part copy of the log on the Danner No. 5-- the electric log. What we are showing here is that at 700 feet we feel--that is the fresh water-salt water contact. That is below our surface casing which is set at 500 feet and is also below the Bucatunna clay which is considered to be an impermeable boundary as far as migration of water is concerned. Our proposed injection interval is also shown to be at 4610-4650 feet. This is in the Upper Tuscaloosa formation where the salt water contents are at least 30,000 parts per million. Any questions on Exhibit 3?

MR. WHITE: Yes, Mr. Bradshaw. Is the Upper Tuscaloosa formation in this area productive of hydrocarbons?

MR. BRADSHAW: No, sir. As far as I know it is not. The production in the field is from the Lower Tuscaloosa.

CHMN. COOK: Any further questions on Exhibit 3, gentlemen?

MR. BRADSHAW: Exhibit 4 then is a schematic diagram of our proposed completion of the salt water injection well which shows the top of the cement, calculated top of cement, at 4001 feet, closed perforations at 4610-4650 and the packer to be set at 100 feet above the perforations with injection down the tubing. Any questions on that?

CHMN. COOK: Mr. White, have you got a question on this?

MR. LAMOREAUX: Mr. Bradshaw, what is your protection of the fresh water in the area? I see you have 8 5/8" casing to a depth of 502', and I presume that is cemented in place. Is that right?

MR. BRADSHAW: That is correct.

MR. LAMOREAUX: Then inside that you have a...

MR. BRADSHAW: 5 1/2" casing string to 5600 feet.

MR. LAMOREAUX: Right. And that is cemented in place?

MR. BRADSHAW: Cemented to 4,000 feet.

MR. LAMOREAUX: To 4,000. So you have casing and cement to 4,000 feet?

MR. BRADSHAW: Yes, sir. Our proposed interval is some 600 feet below the top of the cement.

MR. LAMOREAUX: That's well below the fresh water--salt water interface in that area?

MR. BRADSHAW: Yes, sir, it is. In fact, it looks like from looking at the Wall No. 4, one of Humble's wells, that the fresh water-salt water interface may be as high as 300 feet in this particular area. Are there any questions on

No. 4 ?

MR. LAMOREAUX: No further questions.

MR. BAILEY: I would like to ask a question, Mr. Chairman, if I might?

CHMN. COOK: Mr. Bailey.

MR. BAILEY: Would it be agreeable to you that you install pressure gages on the annulus and on the tubing so that our field agents could monitor to determine if leaks had occurred in the casing or the annulus?

MR. BRADSHAW: Yes, sir.

MR. LAMOREAUX: That is a standard requirement on disposal wells, and so it should be a part of your proposal.

CHMN. COOK: If there are no further questions on the four exhibits, it is my understanding that the gentleman now requests the Board that the Exhibits 1 through 4 be received into evidence.

MR. BRADSHAW: I would request the Board at this time that our Exhibits 1 through 4 be received into evidence.

CHMN. COOK: Is there any objection? Hearing none, the material will be received as such.

(Whereupon, Exhibits 1, 2, 3, and 4 were  
received in evidence to the testimony of  
Sam Bradshaw)

CHMN. COOK: Now, I am sure you were here when Mr. Watson explained the Board's jurisdiction in an emergency order, the time factor and otherwise.

MR. BRADSHAW: Yes, sir, I am well aware of it.

CHMN. COOK: The Board, I think would ask Mr. Bailey who reviewed this

request and supporting documents, is this an emergency, in your opinion?

MR. BAILEY: In view of the testimony presented by the Petitioner, I would say that this is an emergency. It will by being able to produce this well, to test this well properly, and to dispose of the salt water in an approved manner, will protect the coequal and correlative rights of the landowners in that area, and I would say that in itself would be an emergency in lieu of his testimony as to lease expiration date, etc.

CHMN. COOK: Is that the consensus, gentlemen? Any questions of Mr. Bradshaw?

MR. LAMOREAUX: No further questions.

CHMN. COOK: Any further statements? Any oppositon? Is there a motion? How do we refer to this request? We do not refer to it as an item on our agenda.

MR. WHITE: As an emergency petition.

MR. LAMOREAUX: I would refer to it as an emergency action and define it by the petition submitted with the letter of July 17 from Mr. Patrick for the proposed salt water disposal system No. 1 Danner lease, South Carlton Field, Baldwin County, Alabama, Permit No. 1531, and proceed granting the petition.

MR. MADDOX: I make the motion, Mr. Chairman, that this request be granted.

MR. ADAMS: I second it.

CHMN. COOK: You have heard the motion. It's been moved and seconded that this request by--should we elaborate on that? Julian won't mind. The request by Houston--the verbal petition by Houston Oil and Minerals Corporation as

presented by Mr. Sam Bradshaw and supported by Exhibits 1 through 4 be granted.

Is there a second?

MR. ADAMS: I second it.

CHMN. COOK: You have heard the motion and second. Is there any discussion? Hearing none, those in favor say "aye"--opposed "no".

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the petition is granted.

MR. LAMOREAUX: Let me take this opportunity to congratulate Mr. Bradshaw on his first appearance before the Board. We welcome him and hope he will come back. We also appreciate your willingness to cooperate with our field agents in working out this particular emergency situation.

MR. BRADSHAW: Thank you, sir.

CHMN. COOK: You are batting a thousand. Mickey Mantle never did that. Are we in a position now to consider Item 7? We are now considering Item 7 on our agenda.

MR. MADDOX: Mr. Chairman, I make a motion to grant the petition by Cleary Petroleum Corporation as it appears in Item 7 on our agenda provided the Board receives documentation of the fact that a majority of the mineral interest owners agree to integrate their interests.

MR. ADAMS: I second it.

CHMN. COOK: You have heard the motion and second. Any discussion? Those in favor say "aye"--opposed "no".

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the petition is granted.

MR. LAMOREAUX: That completes the agenda.

CHMN. COOK: I think that brings us up...

FROM THE AUDIENCE:

MR. HOLIFIELD: Item 9.

MR. LAMOREAUX: Oh, you are right. We have got Item 9. Mr. Holifield is rightly concerned. Item 9 is:

"Continued petition by Pruet and Hughes Company requesting the State Oil and Gas Board to amend Rule B-26 of Order No. 1 of the State Oil and Gas Board of Alabama which became effective as of October 1, 1946. Rule B-26 of said Order No. 1 reads..."

then it is described. The State Oil and Gas Board Staff has received recommendations from the committee that was established to make recommendations on this rule. It has not had an opportunity to complete its deliberations on this matter, and would recommend that you continue this item until next meeting.

MR. HOLIFIELD: Mr. Chairman, if the Board please, I could give you a brief report if I may on this so we will know where we all stand.

CHMN. COOK: Is this the "deviate" report?

(Laughter from audience)

MR. HOLIFIELD: That's right. Devious report.

CHMN. COOK: Proceed, sir.

MR. HOLIFIELD: As you recall, we originally filed this petition and then

a committee was appointed. Roland D. Taylor of Humble; Mr. Jack Truitt with Getty; Mr. John Goehring with Phillips; Mr. Henry (H.D.) Burns, Sr., and yours truly made up a committee representing industry to try to formulate this particular rule so that we would get the thinking of the entire industry along with the Staff of the Board so that we could come up with the best rule feasible and possible for the State of Alabama. Now we had a meeting of the industry at my office. We met for a day and discussed this thing backwards and forwards. Then we came to Tuscaloosa and had a meeting here with Mr. Tom Joiner, Mr. Watson, and Mr. Moore. And again we went back over each others proposals and then we came up with a suggested proposal which we feel like was getting exceptionally close. We had Mr. Goehring of Phillips wanted to delete three or four words from it. We had Humble--Shell's representative, Mr. Lackey, has suggested that where we referred to a matter of cost or expenses as far as the directional survey, that that should be possibly amplified to cover damages done to the reservoir, to the well, as a result of having this directional survey and a few minor items, but as far as we are concerned, in other words, the committee itself as a whole, we feel like we have gone about as far as we can go. Human beings we--our minds are only limited and we can come up with a rule that is pretty much a consensus rule and not one that pleases everyone to every minute word, and for that reason, we are happy with the rule as presented or with the minor modifications. So we are just at the disposal now of the Board. Whatever the Board wants us to do. We don't know where to go, whether to

have any more meetings. I don't know what we could discuss except revamp and put a word here and take a word out here or this, that, and the other. I am ready to go forward now and tell you the results of the committee or in view of what Mr. LaMoreaux said, they want to continue it...

MR. LAMOREAUX: Mr. Holifield, I think the Staff only needs a little bit of time now to evaluate what that committee has done and possibly get back in touch with you in regard to any questions they might have. So there is no prejudice involved as timing is concerned here. We are just trying to be informed of the recommendations before we in turn make this specific recommendation to the Board.

CHMN. COOK: You have no objection to the contingency?

MR. HOLIFIELD: No, sir.

MR. LAMOREAUX: We think the committee has done a fine job, and we appreciate their cooperation and their efforts.

MR. MADDOX: Mr. Chairman, I move that Item 9 be continued.

MR. ADAMS: I second it.

CHMN. COOK: It's been moved and seconded that Item 9 be continued. Those in favor say "aye"--opposed "no".

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and that concludes our program. We now come to the momentous moment where the members of the Board give me the unusual authority to say we stand adjourned.

(Whereupon, at 12:25 P. M., July 28, 1972, the Regular Session of the hearing was adjourned)




REPORTER'S CERTIFICATE

STATE OF ALABAMA       )  
                                  )  
COUNTY OF TUSCALOOSA )

I, Jean W. Smith, Hearings Reporter in and for the State of Alabama, do hereby certify that on Friday, July 28, 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 78 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.

  
JEAN W. SMITH  
Hearings Reporter  
State of Alabama