

Approved by  
Board 8-29-73  
JS

Watom  
8-26-73

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EXHIBITS

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| Exhibit No. 1<br>(Kenneth Brunning) | Request for permission<br>to convert F. M. Johnson<br>well to salt water disposal | 58             | 58              |
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STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

July 31, 1973

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 31st day of July, 1973.

BEFORE:

BOARD MEMBERS

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

BOARD STAFF

Mr. Philip E. LaMoreaux..... Secretary & Supervisor  
Mr. Thomas J. Joiner..... Asst. Supervisor  
Mr. Boyd L. Bailey..... Chief Petroleum Geologist  
Mr. William T. Watson..... Attorney

(Reported by Jean W. Smith)

APPEARANCES

|     | <u>NAME</u>  | <u>REPRESENTING</u>              |
|-----|--|----------------------------------|
| 1.  | Donald B. Moore<br>Tuscaloosa, Alabama                             | Oil and Gas Board                |
| 2.  | David T. Webb, Jr.<br>New Orleans, Louisiana                       | Texaco, Inc.                     |
| 3.  | R. M. Landers<br>Town Creek, Alabama                               | Self                             |
| 4.  | L. G. Weeks<br>Elba, Alabama                                       | Visitor                          |
| 5.  | J. B. Johnson<br>Montgomery, Alabama                               | Alabama Petroleum Council        |
| 6.  | James B. Miller<br>P. O. Box 60350<br>New Orleans, Louisiana 70160 | Louisiana Land & Exploration Co. |
| 7.  | Bernice S. Wessner<br>Flomaton, Alabama                            | Self                             |
| 8.  | M. D. Chappelle<br>P. O. Box 1467<br>Mobile, Alabama               | First National Bank of Mobile    |
| 9.  | R. Douglas Land<br>Box 308<br>Butler, Alabama                      | Not listed                       |
| 10. | Hugh Craig Forshner<br>New Orleans, Louisiana                      | Amoco Production Company         |
| 11. | Louis Sanantonio<br>New Orleans, Louisiana                         | Amoco Production Company         |

APPEARANCES

(Contd.)

|     | <u>NAME</u>  | <u>REPRESENTING</u>        |
|-----|--|----------------------------|
| 12. | Jim Vinson<br>Tuscaloosa, Alabama                          | Oil and Gas Board          |
| 13. | James D. Turner<br>Citronelle, Alabama                     | Oil and Gas Board          |
| 14. | Richard Raymond<br>Brewton, Alabama                        | Oil and Gas Board          |
| 15. | Harry Spooner<br>Jackson, Mississippi                      | Pruet and Hughes Company   |
| 16. | Ken Brunning<br>Gilbertown, Alabama                        | Choctaw Holdings, Inc.     |
| 17. | Jack Truitt<br>Box 53386<br>New Orleans, Louisiana         | Getty Oil Company          |
| 18. | Keith Waddell<br>P. O. Box 50590<br>New Orleans, Louisiana | Federal Land Bank          |
| 19. | Tom Dickerson<br>P. O. Box 1967<br>Houston, Texas          | Phillips Petroleum Company |
| 20. | John W. Goehring<br>Box 1967<br>Houston, Texas             | Phillips Petroleum Company |
| 21. | Dick Mason III<br>Jackson, Mississippi                     | Pruet and Hughes Company   |
| 22. | John Myers<br>Jackson, Mississippi                         | Placid Oil Company         |
| 23. | William Utsey<br>Butler, Alabama                           | Pruet & Hughes Company     |

### PROCEEDINGS

(At 10:19 A.M., July 31, 1973, the hearing was convened in Regular Session)

CHMN. COOK: May we rise? Mr. LaMoreaux.

(A prayer was offered by Mr. LaMoreaux)

MR. LAMOREAUX: Mr. Chairman.

CHMN. COOK: Mr. Supervisor.

MR. LAMOREAUX: This meeting has been properly advertised in accordance with the law and we can proceed with the business before us at this time.

### NOTICE OF MEETING

"The State Oil and Gas Board will hold its regular monthly meeting on Tuesday, July 31, 1973, at 10:00 A.M. in the Board Room of the State Oil and Gas Board Building, University Campus, Tuscaloosa, Alabama, to consider, among other continued petitions and items of business, the following petitions:

- "1. Continued petition by Pruet and Hughes Company, a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to enter an order in conformity with or as an exception to the Special Field Rules for the Womack Hill

Field in the Smackover Formation designating a drilling unit containing 120 acres more or less, to be within the boundaries of the following land in Clarke County, Alabama, to-wit:

W/2 of W/2 of Sec. 18, T10N, R1W, Clarke County, Alabama.

- "2. Continued petition by Pruet and Hughes Company a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to enter an order force integrating tracts and interests in a drilling unit consisting of 120 acres, more or less, within the E/2 of E/2 of Sec. 13, T10N, R2W, Clarke County, Alabama, in the Womack Hill Field in the Smackover Formation.
- "3. Petition by Pruet and Hughes Company, a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to make permanent Emergency Order E-73-28 dated May 31, 1973, as extended by Board action on June 26, 1973, amending the Special Field Rules for the North Choctaw Ridge Field, Choctaw County, Alabama, in the Smackover Oil Pool, specifically amending Rule 1 pertaining to "Field Limits" so as to cause said rule

to read as follows:

'Rule 1: Field Limits:

The North Choctaw Ridge Field as used herein is that area described as follows:

Township 11 North, Range 3 West

Section 29: S 1/2 of NW 1/4 and N 1/2 of SW 1/4,  
W 1/2 of SW 1/4 of NE 1/4 and W 1/2 of NW 1/4 of SE/4  
Section 30: S 1/2 of N 1/2 and N 1/2 of S 1/2

Township 11 North, Range 4 West

Section 25: S 1/2 of N 1/2 and N 1/2 of S 1/2  
Section 26: SE 1/4 of NE 1/4 and NE 1/4 of SE 1/4

"4. Petition by Pruet and Hughes Company, a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to make permanent Emergency Order E-73-29, dated June 26, 1973, said Order force integrating certain lands consisting of the N 1/2 of the SW/4 and S 1/2 of S 1/2 of the NW/4, Section 11, Township 10 North, Range 3 West, Barrytown Field, Choctaw County, Alabama.

"5. Petition by Pruet and Hughes Company, a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to make permanent Emergency Order E-73-30, dated June 26, 1973, said order authorizing the formation of a drilling unit of 120 acres, more or less, consisting of the N 1/2 of the SW/4 and S 1/2 of S 1/2 of NW/4, Section 11, Township 10 North, Range 3 West, Barrytown Field, Choctaw County, Alabama, in the Smackover Formation as an exception to Special Field Rules for Barrytown Field.

"6. Petition by Pruet and Hughes Company, a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to make permanent Emergency Order E-73-31, dated June 26, 1973, said order authorizing Pruet and Hughes Co. and Placid Oil Co. to construct and operate gas processing facilities within Section 9, Township 10 North, Range 2 West, Choctaw County, Alabama.

"7. Petition by Choctaw Holdings, Inc., a foreign corporation authorized to do and doing business within the State of Alabama,



requesting the State Oil and Gas Board to enter an order authorizing petitioner to commingle production from the U. M. Adams No. 1 Well, located in the SE/4 of NE/4, Section 5, Township 10 North, Range 3 West, Choctaw County, Alabama, into the M. Adams No. 2, 3, and 4 wells' main tank battery which is located in the E/2 of SE/4, Section 4, Township 10 North, Range 3 West, Choctaw County, Alabama, and also to commingle production from Unit 2-2, located in the NW/4 of NE/4, Section 2, Township 10 North, Range 3 West, Choctaw County, Alabama, into the A. P. Chestnut No. 1 and 2 wells' main tank battery, located in the NW corner of S /2 of NE/4, Section 2, Township 10 North, Range 3 West, Choctaw County, Alabama, all in the Gilbertown Field.

"8. Petition by R. M. Landers, legal resident of the State of Alabama, requesting the State Oil and Gas Board to make permanent Emergency Order E-73-32 dated June 29, 1973, said order authorizing a well at the following off-center location:

92 feet from the East line and 15 feet North of the South line of NE/4 of NE/4, Section 10, Township 6 South, Range 9 West, Lawrence County, Alabama.

"9. Motion by the State Oil and Gas Board to amend Rule B-3, said rule concerning "Spacing of Wells" so as to establish tolerances on distance the bottom hole location of a producing well may be from the nearest exterior boundary of the producing well.

"10. Motion by the State Oil and Gas Board to establish the following drilling and producing unit as an exception to the Special Field Rules for the Womack Hill Field, in the Smackover Formation, Clarke County, Alabama, to-wit:

S/2 of the NE/4 of the NE/4, the SE/4 of the NE/4,  
the NE/4 of the SE/4, and the N/2 of the SE/4 of  
the SE/4, all in Section 13, Township 10 North,  
Range 2 West, Clarke County, Alabama.

"11. Petition by Pruet and Hughes Company, a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to enter an order force integrating tracts and interests in a drilling unit consisting of 120 acres, more or less, within the following drilling unit, to-wit:

S/2 of the NE/4 of the NE/4, the SE/4 of the NE/4,

the NE/4 of the SE/4, and the N/2 of the SE/4 of  
the SE/4, all in Section 13, Township 10 North,  
Range 2 West, Clarke 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 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, sir. Item 1, Mr. Supervisor.

MR. LAMOREAUX: Item 1 on the agenda of the Alabama Oil and Gas Board for July 31, 1973, is as follows:

"Continued petition by Pruet and Hughes Company, a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to enter an

order in conformity with or as an exception to the Special Field Rules for the Womack Hill Field in the Smackover Formation designating a drilling unit containing 120 acres more or less, to be within the boundaries of the following land in Clarke County, Alabama, to-wit:

W/2 of W/2 of Sec. 18, T10N, R1W, Clarke County,  
Alabama."

Will the Petitioners please come forward?

MR. UTSEY: We respectfully request the Board to allow us to withdraw this petition.

CHMN. COOK: Counselor for the Petitioner has requested that the Board allow the withdrawal of this petition. Is there any objection? Hearing none, is it necessary for a motion? Then your petition is withdrawn. Thank you, sir.

MR. LAMOREAUX: Item 2 is:

"Continued petition by Pruet and Hughes Company, a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to enter an order force integrating tracts and interests in a drilling unit consisting of 120 acres, more or less, within the E/2 of E/2 of Sec. 13, T10N, R2W, Clarke County, Alabama, in the Womack

Hill Field in the Smackover Formation."

Will the Petitioners please come forward?

MR. UTSEY: The Petitioner makes the same request in this matter.

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

Hearing none, the Board allows petition No. 2 to be withdrawn. Item 3.

MR. LAMOREAUX: Item 3 is:

"Motion by the State Oil and Gas Board to establish the following drilling and producing unit as an exception to the Special Field Rules for the Womack Hill Field, in the Smackover Formation, Clarke County, Alabama, to-wit:

S/2 of the NE/4 of the NE/4, the SE/4 of the NE/4,  
the NE/4 of the SE/4, and the N/2 of the SE/4 of  
the SE/4, all in Section 13, Township 10 North,  
Range 2 West, Clarke County, Alabama."

CHMN. COOK: Would the Petitioner come forward please?

MR. LAMOREAUX: This is a petition of the Board.

CHMN. COOK: Oh, this is our own motion. Excuse me. You have heard the petition read. Is there any discussion? Is there anyone here who wishes to oppose or favor this petition? Anyone? Hearing none, is there a motion?

DR. ADAMS: I move that the Board adopt the motion as stated in Item 3 on the agenda.

CHMN. COOK: Is there a second?

MR. MADDOX: I second it, Mr. Chairman.

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

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the motion is adopted. Item 4.

MR. LAMOREAUX: Item 4 is:

"Petition by Pruet and Hughes Company, a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to enter an order force integrating tracts and interests in a drilling unit consisting of 120 acres, more or less, within the following drilling unit, to-wit:

S/2 of the NE/4 of the NE/4, the SE/4 of the NE/4,

the NE/4 of the SE/4, and the N/2 of the SE/4 of

the SE/4, all in Section 13, Township 10 North,

Range 2 West, Clarke County, Alabama."

Would the Petitioners please come forward?

MR. UTSEY: The Petitioner respectfully requests the Board to allow it to withdraw this petition.

CHMN. COOK: This is Item 4, gentlemen, and the Petitioner requests that the Board allow this petition to be withdrawn. Is there any objection? Any discussion? Hearing none, the gentleman's request is granted.

MR. LAMOREAUX: Item 5:

"Petition by Pruet and Hughes Company, a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to make permanent Emergency Order E-73-28 dated May 31, 1973, as extended by Board action on June 26, 1973, amending the Special Field Rules for the North Choctaw Ridge Field, Choctaw County, Alabama, in the Smackover Oil Pool, specifically amending Rule 1 pertaining to 'Field Limits' so as to cause said rule to read as follows:

'Rule 1: Field Limits:

The North Choctaw Ridge Field as used herein is that area described as follows:

Township 11 North, Range 3 West

Section 29: S 1/2 of NW/4 and N 1/2 of SW 1/4,

W 1/2 of SW 1/4 of NE 1/4 and W 1/2 of NW 1/4 of SE/4

Section 30: S 1/2 of N 1/2 and N 1/2 of S 1/2

Township 11 North, Range 4 West

Section 25: S 1/2 of N 1/2 and N 1/2 of S 1/2

Section 26: SE 1/4 of NE 1/4 and NE 1/4 of SE 1/4'''

Will the Petitioner please come forward?

MR. UTSEY: Gentlemen of the Board, testimony pertaining to this matter was previously presented on the original petition. I would respectfully request the Board to make that testimony and exhibits thereto a part of the record on this petition and that the emergency order be made permanent.

CHMN. COOK: The gentleman has requested the Board that the previous testimony taken on this item--I didn't follow you--would you restate it so we can get it in the record properly?

MR. UTSEY: The testimony and the exhibits to the testimony were offered in May, and I respectfully request the Board to make that testimony and the exhibits thereto a part of this record and that the order be made permanent.

CHMN. COOK: You have heard the gentleman's request. Are there any objections?

MR. LINDSEY: I would like to have an objection to that please.



CHMN. COOK: Yes, sir. You might state your name for the record.

MR. LINDSEY: W. H. Lindsey, Jr. I'm a lawyer at Butler, Alabama, and I represent Mrs. Maggie G. Land, Dr. R. Douglas Land, and Virginia Sipes. I have an exhibit. I believe you have seen this. It's one my client gave me. I just got this thing Saturday--I hope I'm halfway prepared. This circle here, they own this 30 acres in that and own all except the 10 acres here in the Northwest corner. And their objection to it is based on this and you will note--I never could scale this map--an inch or quarter-inch or half-inch, but it is apparent to me that part of that 40 would be within this line they have got here. They are going straight east and west and now here is your Morris well over here. That's farther north than these wells. Where's the Ezell well? Here. These trends here on their map, this is their exhibit, I don't know when it was put in. The last time I guess. Indicates here, but here you have got 20 acres down here that is not in their survey of the field yet you have probably got 15 or 20 acres up here that possibly is in the field or is in the field if I could scale this thing. And I believe according to their own map it would be in it. And this could very well be left out down here and this added to it. In other words, according to their own exhibit here, it's apparent this thing, if it is going to be a unit, should go further north.

MR. LAMOREAUX: Mr. Lindsey, the area in question, the property

in question then, is this area just north of the Ezell Unit 29-5, and it would be in an area in the NW/4 of Section 29.

MR. LINDSEY: It would be the NW Quarter-Quarter Section of that Section.

MR. UTSEY: If the Board will recall, the units have already been formed and this is merely a request to extend the field limits out to encompass the units, and of course, you requested at the last hearing you know that as soon as the information from the Oates well was evaluated to hear from them on the field limits and I suppose what we propose to do as soon as we have that information. And it was made very plain, you know, that that information would be presented when it was available. This is not--these units have been established--this is merely to extend the field limits out to cover them. The drilling and producing units have already been established.

MR. LINDSEY: Well, may I ask you a question? I used to appear before the Board a lot of times. What is a field? How do you define that?

MR. LAMOREAUX: It is established by hearing and that is what Mr. Utsey...

MR. LINDSEY: Well, I mean what does it limit?

MR. LAMOREAUX: It limits the potential productive area of a field.

MR. LINDSEY: Are you defining a field when you do that?

MR. LAMOREAUX: Yes, you are defining the area of the field. That's correct.

MR. LINDSEY: Then if this is adopted, you are defining this as not being productive up here?

MR. LAMOREAUX: I think you have--you're right--but you have this alternative that if in your opinion on the basis of sound technical information, that a field should be expanded or a unit enlarged, then you can request a hearing and obtain that kind of action if you can justify it and the Board would support your justification. So that you would have--in other words you're presenting here technical information which is an exhibit of the Petitioner in this matter and you're pointing out, I believe, that the oil-water contact extends to the north of these two units in the west end of the field as shown on this exhibit 1. What you're doing then is questioning that that one unit extends far enough north to receive the benefit of the potential oil in the reservoir. Now I believe that's what your point is and it's well taken. It's well made.

CHMN. COOK: Well, gosh, nobody's going to argue the gentleman's point, but there is one thing that I might point out to you sir. I'm sure you are already aware of it though. This is what we call the orderly development of the field. It might not be orderly, but that is what the information that has been submitted to this Board indicates that this is an orderly progression of

that field. Now any information to the contrary we would be glad to consider. Geological and otherwise.

MR. LINDSEY: Well, isn't that information to the contrary?  
I mean this shows it's not in it.

CHMN. COOK: Sir?

MR. LINDSEY: That's not in it down there.

CHMN. COOK: I can't recollect at this point why it isn't but we must have had some good reason.

MR. LINDSEY: That's their evidence, their exhibit. I'm just taking what they offered not what I offered. I'm not a geologist.

CHMN. COOK: Well, neither am I sir, but I don't understand your point. What are you saying--that this is not in it?

MR. LINDSEY: Here is the best way I can figure it. That's your center of Section 29 I would say right there. I marked off some things there. That looks like to me by measuring it, I never could make it a half-inch, quarter-inch...

MR. SPOONER: The scale of the map, sir, is 1"=1000'.

MR. LINDSEY: Is that what it is? To a 1,000'?

MR. SPOONER: 1"=1000'.

MR. LINDSEY: Well are those--may I ask him this--

CHMN. COOK: That was Mr. Spooner there. Mr. Harry Spooner who volunteered that tidbit of information.

MR. LINDSEY: Well, let me ask you this. Are those regular 40's or are they all 41 acres or are they all 1320 feet on each side? Or do you know?

MR. SPOONER: I don't know.

MR. LINDSEY: You couldn't say for sure. The reason I'm asking that I've seen them 35 1/2 acres, 42 or as much as 46 acres. Very seldom you find one that's just exactly 40 acres. I don't mean seldom. I believe that 39 fraction, 40 and 41 and a fraction in government surveys are in the majority though. But you don't actually know the dimensions of those 40's do you?

MR. SPOONER: Right.

MR. LINDSEY: In other words, you don't know whether that would fit your scale as to...

CHMN. COOK: I agree with you. That's a good point.

MR. UTSEY: May I make a statement to the record?

CHMN. COOK: Yes, sir, Mr. Utsey.

MR. UTSEY: If you will recall when we put this into evidence that the representative from Placid Oil Company also testified in this hearing and another map was shown showing the oil-water contact line to be much

further south than is shown here, and because of the conflict in the evidence at that time, the request was made for the units to be set up this way and for the field limits to be extended this way until the information could be gained from the Oates well. We promised we would bring it back to the Board for their evaluation. I don't want Mr. Lindsey or his clients to get the impression that this precludes them from ever raising the question again. It certainly doesn't.

CHMN. COOK: No, we are going to clear that up with Mr. Lindsey. We plan to make that point clear. Let me see if I--we think you have raised a good point. Nobody on this Board and Staff can say that you're not correct that the field might should be extended north. We don't know. We know based on the information that we have been given through a series of hearings, this field has progressed in this direction. They have submitted geology and all other technical information to the satisfaction of this staff. Now what happened then on this last unit is we granted them an emergency order, Mr. Lindsey, and now we are asked to make that order permanent. And as Mr. Utsey pointed out, that does not preclude you from any further action on this matter. If you and your client or clientele choose, you may appeal that decision the Board made on this permanent order and present any information that you choose at our subsequent meeting or thereafter that would cause us to extend the limits of this field, and whatever you bring here we will be pleased to consider. But

at this juncture we are considering making permanent an order that was granted on an emergency basis at our last meeting. There has been nothing presented since that time and even your statement incorporated that I can think of that would cause us not to go ahead and make the order permanent. But that doesn't take you out of the ball game because if you can bring any information to this Board that would show that the field should be extended in some other fashion, then we would be pleased to consider it. Is that essentially the posture of this Board, Mr. LaMoreaux?

MR. LAMOREAUX: Really what we are faced with here is a recognition on the basis of the testimony that we've received to extend this field, and in this case to the east, in an orderly way. Now on the basis of that information units have been established and the field boundaries have been established and even though the wording says "make permanent" this order that doesn't in anyway keep you from appealing that order that creates either the units or the boundary of the field. In fact, in my opinion, you have enough justification here so that you could make that appeal to the Board. I would suggest that you work with Mr. Spooner, and I have found Pruet and Hughes to be cooperative, ask them for their information. The information that they have presented to us in behalf of this matter is all in our files and is available to you or your geologist to study, and our people will help you

with an analysis of this situation, and then appear before the Board at the next meeting with a specific petition based on technical information to extend the field to the north or to the east, whichever way, or the units, whichever way you think is a justifiable recommendation to the Board. And I guarantee the Board is going to listen to your petition very carefully. I think you have a good point here.

MR. LINDSEY: I would like to say this. There is nothing personal in this between Dr. Land and me and Pruet and Hughes because the people in my county are very appreciative of them, and I think everybody should be because they brought in a lot of oil wells down there and deep exploration that others didn't, but it's just a matter of a property right and I'm just a lawyer.

CHMN. COOK: Well, we are very understanding and I think we all...

MR. LINDSEY: Well, what I mean, I don't want you to think I'm being critical of them because I think they have done some wonderful work down there. I guess it's been wonderful. They did something somebody else didn't do.

MR. LAMOREAUX: Well, they have done something that a lot of others have not done and that is to find a lot of oil in Alabama.

CHMN. COOK: In the briefest way at all we would like to restate that we have burdened the Petitioner in each instance with the stipulation that they



bring in certain information to justify their request and they have complied. So I can find no reason not to grant the request unless some information is submitted to this Board that would give us justification to do otherwise and we invite you to that opportunity. We will be pleased to hear any submittal that you want to put to this question.

MR. LINDSEY: What type of evidence from a geological standpoint do you have in there on that? Just from the well logs and...

MR. LAMOREAUX: We have a very substantial amount of evidence presented as testimony and available in our files. Once that data has been presented at a Board meeting it's public information.

CHMN. COOK: Yes, we would be glad to furnish you with that information.

MR. LAMOREAUX: Not only will we present it to you and let you have copies if you want it, but our professional staff will sit down and talk to you about the implication or the information--what it means. What I would suggest that you do is to meet with them. I think you have a good point, and find out just exactly what your position can be and come back to the Board at the next meeting with a recommendation.

MR. LINDSEY: When will your next meeting be?

MR. LAMOREAUX: It will be August 29th, on Wednesday.

CHMN. COOK: So that we might give Mr. Lindsey the proper information, any change in these field limits, etc., would have to be put on notice too wouldn't it?

MR. LAMOREAUX: That's right. Mr. Lindsey, before you leave today, I would suggest that you talk with Tom Watson about the timing of matters of this type to be presented to the Board and he can give you the timing that you are working with and then Mr. Jim Vinson, the last man on the first row over there on the right, is a petroleum engineer. Over here, this gentleman with the cigar.

CHMN. COOK: This is our attorney right here.

MR. LAMOREAUX: And he will be glad to sit down and talk with you before you leave.

MR. LINDSEY: Thank you, gentlemen.

CHMN. COOK: We appreciate your coming, Mr. Lindsey, and we would be pleased to consider any further information you choose to present. Thank you, sir.

MR. LINDSEY: All right.

CHMN. COOK: The question then is on Item 5.

DR. ADAMS: Mr. Chairman, I move that the petition contained in Item 5 be approved.

CHMN. COOK: Thank you, Dr. Adams. It is Item 5 we are considering isn't it?

MR. LAMOREAUX: Yes, sir.

CHMN. COOK: Is there a second?

MR. MADDOX: I second it, Mr. Chairman.

CHMN. COOK: It's been moved and seconded that the petition contained in Item 5 on this date'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 approved. Item 6.

MR. LAMOREAUX: Item 6:

"Petition by Pruet and Hughes Company, a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to make permanent Emergency Order E-73-29, dated June 26, 1973, said order force integrating certain lands consisting of the N 1/2 of the SW/4 and S 1/2 of S 1/2 of the NW/4, Section 11, Township 10 North, Range 3 West, Barrytown Field, Choctaw County, Alabama."

Would the Petitioners please come forward?

CHMN. COOK: Mr. Utsey.

MR. UTSEY: We presented the testimony on the last hearing when the emergency order was granted. I request that that testimony be made a part of the record here and also that the exhibits to that testimony be made a part of that record.

CHMN. COOK: Any objections to the gentleman's request? Hearing none, the request is granted.

MR. UTSEY: We request that the order be made permanent.

CHMN. COOK: Let me see if I can state the feelings of the Board on this matter. I will ask the Supervisor to correct me if I'm wrong. It's my understanding that this emergency order was granted and in the interim period further information would be gained and I don't think the Staff is satisfied with the information that has been submitted relative to this petition. Is that correct? Is that correct?

MR. UTSEY: This is on the forced integration.

MR. LAMOREAUX: Forced integration...

CHMN. COOK: All the information relative to this question has not been...

MR. WATSON: Permanently forming a unit and force integrating these interests as is contained in the next item is still a matter of concern.

CHMN. COOK: So what I said is our consensus?

MR. WATSON: Yes, sir.

CHMN. COOK: And what this Board wants to do is to deny making permanent this order and then on its own motion extending that emergency order that is contained in this petition and we say continue it which means it's not under advisement but continue it. I don't know of any reason that you and your clients would object to that. Is there any objection to it?

MR. SPOONER: I didn't quite understand what's the reason for it. Are we to submit additional information or is the Staff going to make an additional study or what?

CHMN. COOK: Do you want to speak to that?

MR. WATSON: You will remember at the last meeting, Mr. Spooner, there was some concern about the arrangement of the unit. ~~The Staff, at that time~~ <sup>T</sup>the Chairman expressed his concern and the Supervisor stated that an engineer would be assigned to study the configuration of the units in the Barrytown Field. That study is underway and the Board has been briefed this morning on the study to date. There has not been a final resolution as far as the Staff is concerned concerning the final arrangement of those units in the Barrytown Field. For that purpose, we feel like to make these orders permanent at this time prior to the Staff's final recommendation would be premature, and therefore, the Board has expressed a concern to simply extend the emergency order for an additional 45 days or until the Board

meets again on August 2<sup>4</sup> at which time hopefully the report will be complete, and the order can then be made permanent or some other action taken.

CHMN. COOK: Yes, I misput that, Mr. Utsey. I was confused on the petition. Of course, we couldn't continue something that wasn't on the agenda. We on our own motion could extend the petition. I apologize to you for my lack of legal talent.

MR. UTSEY: I thought you stated it correctly.

CHMN. COOK: No, sir, I was incorrect. But we were briefed in our executive session to some length about Mr. Vinson's study and we want to think about it more before we make permanent this order.

MR. SPOONER: Well this wouldn't preclude us from drilling a well? From getting a permit to drill a well if we wanted to on this unit?

MR. WATSON: No, sir, you have an order.

MR. SPOONER: O.K. Well, we wouldn't have any objection.

CHMN. COOK: We are just extending something that we have already done and you have whatever rights and privileges you had under the original emergency order as you would have under a second one.

MR. LAMOREAUX: You have presented a great deal of information to us on this particular petition and also the next petition and our Staff has been giving it a great deal of study in the last two to three weeks. And we

have really come up with some questions in our minds with regard to this matter and wish to recommend it to the Board that they continue this matter for the Staff to have more time and for us to talk to you about certain things on this petition. And that was the reason that we recommended to the Staff that they continue this matter for 45 days for further study.

MR. UTSEY: May I make this observation? Of course there is a good possibility that my client will choose to begin a well during that period of time and of course it would be on the basis of emergency order and, of course, the petition to make the emergency order final could be denied. Now what posture does that leave my client in?

CHMN. COOK: I don't know, but your client has drilled wells on emergency orders before.

MR. UTSEY: But it was more or less no question about it. You know about whether or not it would be made permanent. Now what I was thinking about was would there be a possibility of making this permanent with the idea that after the study the Board on its own motion could reform the unit?

CHMN. COOK: I really think it's a chicken and egg question there, Mr. Utsey.

MR. WATSON: It's the same thing.

CHMN. COOK: It's the same outcome. Yes. We just wouldn't have to readvertise.

MR. UTSEY: Well except it would be different in redoing an order that was previously done and leaving us in a position that our request that the emergency order be made permanent would be denied and that would more or less leave us without anything once that was denied if you understand the difference. We would just be out. We would be there on the land without . . .

DR. ADAMS: If the Board denies this petition and then on its own motion or on your motion extends the emergency order, then you are in the same position as before.

MR. UTSEY: I understand but what happens when it comes down to the final lick ~~ing~~ and it is denied? an

CHMN. COOK: Well, what would happen in any reformation of the thing on another order? It would be the same thing.

MR. UTSEY: No, sir, it wouldn't. Because once the petition is denied, we are without anything.

MR. WATSON: You are on a wildcat basis then aren't you? Don't you have 40 acres? You just don't have your unit, right? So you are sitting on a 40-acre wildcat unit so you do have something.

MR. UTSEY: We will have a permit of the Board?

MR. WATSON: Absolutely.

CHMN. COOK: Well, I will state this for the record. There is no intention on the part of this Board or Staff to restrict or to deter your normal



drilling activities. That is not our purpose at all, of course.

MR. WATSON: You are still going to be operating on that wildcat unit.

MR. UTSEY: Fine. We have no objections then...

CHMN. COOK: We can state our good intentions for the record and then I think good and reasonable men can work it out on any legal basis.

Don't you?

MR. UTSEY: Yes, sir. Yes, sir.

MR. WATSON: I would say one thing more. If his new well that he drills is communicating with the Barrytown Field, which is yet to be proven... 20

MR. LAMOREAUX: I would say that there is a need for your technical staff, or the technical staff of your company to meet with our Staff certainly within the next ten days on this matter.

DR. ADAMS: Mr. Chairman, I move that the petition contained in Item 6 be denied at this time.

CHMN. COOK: Is there a second?

MR. MADDOX: I second it, Mr. Chairman.

CHMN. COOK: It's been moved and seconded that the petition contained in Item 6 be denied. Those in favor say "aye"--opposed "no."

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it. Dr. Adams has a motion.

DR. ADAMS: I move that the emergency order E-73-30 be continued until the next meeting.

CHMN. COOK: All right, sir. Is there a second to that motion?

MR. MADDOX: I second it, Mr. Chairman.

CHMN. COOK: It's been moved that Emergency Order No. E-73-30 be extended until our next meeting date. Is that your motion, Dr. Adams?

DR. ADAMS: Yes.

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

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it. Item 7.

MR. LAMOREAUX: Item 7 is:

"Petition by Pruet and Hughes Company, a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to make permanent Emergency Order E-73-30, dated June 26, 1973, said order authorizing the formation of a drilling unit of 120 acres, more or less, consisting of the N 1/2 of the SW/4 and S 1/2 of S 1/2 of NW/4, Section 11, Township 10 North, Range 3 West, Barrytown Field, Choctaw County, Alabama, in the Smackover Formation as an exception to Special Field Rules for Barrytown Field."

CHMN. COOK: Mr. Utsey.

MR. UTSEY: I assume the Board wants to take the same action.

CHMN. COOK: That's what we choose to do, sir, on the same basis.

MR. UTSEY: We have no objections.

CHMN. COOK: All right, sir. Is there a motion on Item 7?

DR. ADAMS: Mr. Chairman, I move that the petition contained in Item 7 be denied at this time.

CHMN. COOK: Is there a second?

MR. MADDOX: I second it, Mr. Chairman.

CHMN. COOK: It's been moved and seconded that the petition contained in Item 7 be denied. Those in favor say "aye"--opposed "no."

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the petition is denied. Is there a motion?

DR. ADAMS: Mr. Chairman, I move that the Emergency Order E-73-29 be continued.

CHMN. COOK: Your motion then is that Emergency Order E-73-29 be extended until our next meeting date?

DR. ADAMS: Yes.

CHMN. COOK: All right, sir, is there a second to that?

MR. MADDOX: I second it.

CHMN. COOK: You have heard the motion. Any discussion? Hearing none, those in favor say "aye"--opposed "no."

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the emergency order is extended.

Item 8.

MR. LAMOREAUX: Item 8:

"Petition by Pruet and Hughes Company, a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to make permanent Emergency Order E-73-31, dated June 26, 1973, said order authorizing Pruet and Hughes Co., and Placid Oil Co. to construct and operate gas processing facilities within Section 9, Township 10 North, Range 2 West, Choctaw County, Alabama."

Petitioner please come forward.

CHMN. COOK: Mr. Utsey.

MR. UTSEY: We offered the testimony and exhibits to the testimony at the last hearing and I move that that testimony and those exhibits to the testimony be made a part of this hearing and that this order be made permanent.

CHMN. COOK: Did everybody understand the gentleman's request?

MR. LAMOREAUX: Mr. Chairman.

CHMN. COOK: Yes.

MR. LAMOREAUX: Perhaps it would be wise since there are others in the room that might be interested in this petition, this is an effort on the part of Pruet and Hughes to improve the operation of the field, and by bringing together tank and line facilities, and this is an effort to make the field not only operate more effectively but it is also an improvement as far as the possible dangers to the environment. And so the matter has been studied carefully by the Staff and we recommend to you positive action on this.

DR. ADAMS: Mr. Chairman, I move that the petition contained in Item 8 be approved.

CHMN. COOK: Is there a second?

MR. MADDOX: I second it, Mr. Chairman.

CHMN. COOK: It's been moved and seconded that the petition contained in Item 8 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 9.

MR. LAMOREAUX: Petition 9:

"Petition by Choctaw Holdings, Inc., a foreign corporation

authorized to do and doing business within the State of Alabama,  
requesting the State Oil and Gas Board to enter an order authorizing  
petitioner to commingle production from the U.M. Adams No. 1  
Well, located in the SE/4 of NE/4, Section 5, Township 10 North,  
Range 3 West, Choctaw County, Alabama, into the

M. Adams No. 2, 3, and 4 wells' main tank battery  
which is located in the E/2 of SE/4, Section 4,  
Township 10 North, Range 3 West, Choctaw County,  
Alabama, and also to commingle production from  
Unit 2-2, located in the NW/4 of NE/4, Section 2,  
Township 10 North, Range 3 West, Choctaw County,  
Alabama, into the A. P. Chestnut No. 1 and 2 wells'  
main tank battery, located in the NW corner of S/2 of NE/4,  
Section 2, Township 10 North, Range 3 West, Choctaw  
County, Alabama, all in the Gilbertown Field."

Petitioners please come forward.

MR. BRUNNING: I'm Ken Brunning, Choctaw Holdings' consultant.

CHMN. COOK: Make yourself at home, have a seat, and be comfortable.

What is your name again, sir?

MR. BRUNNING: Ken Brunning. B-r-u-n-n-i-n-g.

CHMN. COOK: Ken, I might say this on behalf of the Staff and the Board. They have briefed us on the good job that you and your associates are trying to do in our state and we are obliged to have you. No more obliged than the other folks that have made a contribution to our oil industry, but you are one of the most recent ones and we bid you welcome and hope you will feel comfortable and spend your money here.

MR. BRUNNING: We are doing our best.

CHMN. COOK: State yourself in any way you choose, sir.

MR. BRUNNING: Well, what we intend to do here gentlemen is that by commingling these single wells we will relieve ourselves of extra equipment that is now in the field and be able to use it in other parts of the field. The object is also that we have a problem with salt water disposal and the more that our equipment can be consolidated the better we can operate in a more efficient manner breaking our oil away from our water and getting rid of our water. And so we've petitioned you with the idea that we would like to--these are very close in proximity to the existing facilities and we just wanted to be able to bring them into the existing facilities at this time. Our future intent would be that probably more of these wells would be commingled so we would have larger centralized facilities. It eliminates a lot of running around and checking wells at different tank sites.

CHMN. COOK: Now the Staff is familiar with your proposal. Do you have any comments or questions of Mr. Brunning?

MR. BAILEY: Yes, I would like to ask one question, Mr. Chairman. Mr. Brunning, how do you plan to account, to measure the oil and to account for the oil so that each owner will get his proportionate share of the oil produced from these various tracts?

MR. BRUNNING: On a minimum 24-hour test basis with proration.

MR. BAILEY: Right. You will submit these test reports to the Board?

MR. BRUNNING: Yes, sir.

CHMN. COOK: Any further questions?

MR. BAILEY: Mr. Chairman, I would like to make a statement and compliment Choctaw Holdings on their operation in the field. And I would like at this time to recommend to the Board that you grant the petition of Choctaw Holdings because the consolidation of tank batteries in an old field like this is important to an operator. It is also important even in a new field, but you can usually plan, like Pruet and Hughes has done in their area, to have main tank batteries strategically located throughout the field so that it will cut down on the economics of operations, and it also allows one man to handle and to care for these facilities, and it also will prevent the possibility of leaks occurring in inaccessible areas or at more than one area. They can monitor



this and thus protect the environment or be more likely to be able to protect the environment and detect the leaks or any accident that might occur, and I would like to recommend to the Board at this time that they grant the petition.

CHMN. COOK: I believe in our pre-hearing meeting you said that anything that you can commingle in Gilberttown has got to help.

MR. BAILEY: Yes, sir.

CHMN. COOK: Is there a motion?

DR. ADAMS: Mr. Chairman, I move that the petition contained in Item 9 be approved.

CHMN. COOK: Is there a second?

MR. MADDOX: I second it, Mr. Chairman.

CHMN. COOK: It's been moved and seconded that the petition contained in Item 9 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 10. Thank you for coming, sir.

MR. BRUNNING: Thank you.

MR. LAMOREAUX: Item 10 is:

"Petition by R. M. Landers, legal resident of the State of Alabama, requesting the State Oil and Gas Board to make permanent Emergency Order E-73-32 dated June 29, 1973, said order authorizing a well

at the following off-center location:

92 feet from the East line and 15 feet North of the  
South line of NE/4 of NE/4, Section 10, Township 6  
South, Range 9 West, Lawrence County, Alabama."

Would Mr. Landers or his representative come forward?

CHMN. COOK: Good morning, sir. State your name for the record,  
Mr. Landers.

MR. LANDERS: R. M. Landers, Town Creek, Alabama, Route 3.

CHM. COOK: Go right ahead, sir.

MR. LANDERS: All I want to know is to get my petition.

CHMN. COOK: All right, sir. Well we are prepared to make you  
an answer. We have talked on the conference telephone about you when we  
granted this emergency order, and I am sure you knew that we had granted a  
lot of other folks emergency orders for the same purpose. We are delighted  
that Alabama citizens have got the fortitude and wherewithal to stick a hole  
in the ground, and for that reason I'm ready for a motion.

MR. LANDERS: Well, I've been doing it for 16 years as a hobby.

CHMN. COOK: Yes, sir, well much luck to you, sir.

DR. ADAMS: Mr. Chairman, I move that the petition contained in  
Item 10 be granted.

CHMN. COOK: Is there a second?

MR. MADDOX: I second it, Mr. Chairman.

CHMN. COOK: It's been moved...

MR. LANDERS: Will it be all right. I mean it might take me...

CHMN. COOK: Yes, but right now we are about to make this thing permanent. Don't you want us to do that?

MR. LANDERS: Yes, sir.

CHMN. COOK: It's been moved and seconded that the item contained in --that the motion contained in Item 10 be approved. It's been moved and seconded that the petition contained in Item 10 be approved. Those in favor say "aye"--opposed "no."

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and thank you, Mr. Landers.

MR. LANDERS: Thank you.

DR. ADAMS: How deep is your well now, Mr. Landers?

MR. LANDERS: Really I don't know. I had to splice and put on a new cable and it stretched, and it was around 700 feet I would say.

CHMN. COOK: Well, if you get a productive find...

DR. ADAMS: Is it looking hopeful?

MR. LANDERS: Yes, sir. Well, I hit natural gas, or the water well

man, started it as a water well, hit gas at 15 feet.

CHMN. COOK: If you have a productive find after the trouble you have gone to, this Board and all the members of this Staff at its own expense is going to ride up there and share in your jubilation.

MR. LANDERS: All right.

MR. LAMOREAUX: Thank you, Mr. Landers.

(The Board went off the record at this point for approximately two minutes)

CHMN. COOK: Item 11.

MR. LAMOREAUX: Item 11 is:

"Motion by the State Oil and Gas Board to amend Rule B-3, said rule concerning "Spacing of Wells" so as to establish tolerances on distance the bottom hole location of a producing well may be from the nearest exterior boundary of the producing unit."

This is a motion of the Board.

CHMN. COOK: Yes, the Staff has advised that there might be those who choose to appear in this connection today in which case we ask you to come forward at this time.

MRS. WESSNER: Would you explain that?

CHMN. COOK: Yes, ma'am, but I would much rather--I'll call on someone to explain it in just a moment. I might state the intentions of the

Staff and Board and that is to hear anyone who chooses to remark on the subject and to continue it giving everybody a chance to respond, and the Counsel for this Board will get letters off to everybody that might be interested offering them the opportunity to comment either by letter or in person at our next meeting. Now, is there anyone who chooses to make a statement on this item? If not, Dr. LaMoreaux will answer Mrs. Wessner's question. Now, you understand, Mrs. Wessner, I would have been glad to explain this but I don't want to tax Mr. Watson's ability to understand and my powers to explain you understand.

MRS. WESSNER: I should have asked you to ask someone.

MR. LAMOREAUX: That's all right. We're glad to have this shown. Is there anyone wishing to make a statement though here regarding B-3.

MR. MILLER: I'm Jim Miller with Louisiana Land but I would just as soon wait for your proposal.

CHMN. COOK: Well, now, Jim, you--after this meeting Mr. Watson is going to get letters off asking everyone to make plans to appear in person or to file a statement in writing, but we wouldn't want you to think that you aren't free to make any statement now that you choose. Or anyone else for that matter.

MR. MILLER: If you are going to continue, we will go ahead and we

can file by mail then if you would rather do that.

CHMN. COOK: It's optional to you, sir, we will hear whatever you want to say if you want to put it on the record or we can do it later, whichever. Whatever is your convenience.

MR. MILLER: We'll put it on the record if that's all right.

CHMN. COOK: Restate your name for the record, please.

MR. MILLER: My name is Jim Miller. I represent Louisiana Land and Exploration Company whose offices are in New Orleans.

CHMN. COOK: Had you rather sit, Jim?

MR. MILLER: Thank you. I am James B. Miller, a geological engineer employed by the Louisiana Land and Exploration Company. I am here today on behalf of that company to make a statement relative to a proposal to amend State Rule B-3. We have drilled many wells in the State of Alabama and have a substantial interest, both as an operator and as a non-operating working interest participant, in the rules governing drilling, especially deep drilling, in the State of Alabama. We have made our own independent study of the proposed rule change in order to make a recommendation relative to Rule B-3 of the Rules and Regulations Governing the Conservation of Oil and Gas in Alabama. Our conclusions from this study lead us to strongly recommend the adoption of a tolerance which allows for the bottom

of hole location of a producing well, which has been drilled with due diligence to maintain a reasonably vertical bore, to be positioned at any point within the confines of the permitted drilling unit. We feel that this type of tolerance will 1.) maintain and insure the rights, which pertain to parties, be they individual, corporate and/or governmental, involved in the drilling and producing of wells within the State of Alabama, and 2.) continue general parallelism with the rules and regulations as established by the governing boards of the other major oil-producing states of the United States. That's our statement.

CHMN. COOK: Thank you, Mr. Miller, thank you. Anyone else who would like to make a statement?

MR. GOEHRING: I would like to make a statement.

CHMN. COOK: Yes, sir, come forward.

MR. GOEHRING: I'm John Goehring with Phillips Petroleum Company and this is a statement of Phillips Petroleum Company concerning Item No. 9 on the agenda for the regular monthly meeting, Tuesday, July 31, 1973, of the Alabama State Oil and Gas Board. Item No. 9 being a motion by the State Oil and Gas Board to amend Rule B-3, said rule concerning "Spacing of Wells" so as to establish tolerances on distance the bottom hole location of a producing well may be from the nearest exterior boundary of the producing unit. Phillips Petroleum Company feels that a requirement to determine the

bottom hole location of a producing well, that has not been directionally controlled, other than to ascertain that the well bore is located within the confines of the lease and less than the normal spacing for that well from a lease line, would place an unnecessary burden on both operators and the Alabama State Oil and Gas Board. The maximum possible displacement of the bottom hole location from the surface location can be calculated from inclination surveys which are normally run, by assuming the displacement is all in one direction. It is our opinion that if the maximum displacement calculated by using the inclination surveys is less than the distance from the approved surface location to the nearest lease line, and less than the normal spacing for that well from a lease line, then the bottom hole location should be considered acceptable. However, if the maximum possible displacement calculated using the inclination surveys does exceed either the nearest distance from the surface location to the lease line or the normal spacing distance for the well from a lease line, then a directional survey could be required. If such a survey shows the bottom hole location to be within the lease boundaries and less than the normal spacing from the approved surface location, it should then be considered an acceptable location. If the bottom hole location does not comply with the above, then additional action would be required, such as a hearing requesting approval for an exceptional location



before the Alabama State Oil and Gas Board, or plugging back the well and redrilling to an acceptable bottom hole location. The vast majority of the normally uncontrolled drilled wells would meet the above requirements, therefore seldom would an expensive directional survey be necessary, a minimum of controlled directional drilling would be required which can add an average of more than twenty percent to the cost of a well, field development would not be delayed by slower and more costly controlled directional drilling, and this would avert numerous hearings before the Alabama State Oil and Gas Board. Phillips recommends that Rule B-3 not be amended to include using fixed bottom hole locations as criteria for spacing, since this would require expensive, unnecessary directional surveys and controlled directional drilling for most wells.

CHMN. COOK: Thank you, sir.

MR. LAMOREAUX: Mr. Goehring, for the record, I believe that is Item 9 on the advertisement and it is Item 11 on the agenda.

MR. GOEHRING: Thank you.

CHMN. COOK: Is there anyone else who chooses to make a statement on this point.

MR. RUSSELL: Mr. Chairman, could I make an off-the-record statement?

CHMN. COOK: Yes, sir, you may. We will get off the record.

(The Board went off the record at this point)

CHMN. COOK: Anyone else choose to make a statement?

MR. SPOONER: I'm Harry Spooner, representing...

CHMN. COOK: You want on the record, Harry?

MR. SPOONER: Right. Representing Pruet and Hughes Company.

I have a letter from Mr. Dudley Hughes to the Supervisor regarding this matter which I will give to you, but just to briefly summarize Mr. Hughes' position on this matter, we basically favor a rule to place the limits on the distance that the bottom hole location can be from the exterior boundary of the unit. But we think it definitely shouldn't be retroactive, that it should, you know, start now. That all the old wells should be accepted, and that if you are going to do this that you will have to require directional surveys to be run in all deep holes, wells below 10,000 feet and to avoid unnecessary expense that the bottom of the surface location should be taken as the same as the surface location so you wouldn't have to run a directional survey on the surface hole. And that you shouldn't have to run them in dry holes. Just wells that you are going to set casing in, and that a greater tolerance should be allowed for bottom hole locations than are allowed for surface locations. Say at least 50 percent. In other words, if you have to be 330 from the line at surface location that you only have to be 165 at the bottom hole location or

500, well then you would have to be 250, and that in general is our position. I have got several copies of the letter and I will just give them to you now.

CHMN. COOK: Thank you, Mr. Spooner. Thank you, sir. Anyone else choose to make a statement in this connection? Anyone? Now we have talked about it, now we are going to get Mr. Bailey to come up and show us what we are talking about.

MRS. WESSNER: I would like to make an informal statement after Mr. Bailey.

CHMN. COOK: You certainly may.

MR. BAILEY: If you will remember before Rule B-3 was amended about a year ago, as Mr. Russell pointed out, we had a rule that said that you could drill a well within 150 feet of the center of a drilling unit, of a 40. This was a statewide rule. That rule was amended so that now an operator can drill a well no nearer than 330 feet from every exterior boundary of the drilling unit. And I have chosen a 40-acre drilling unit because Special Field Rules, after a well is drilled, can be established, promulgated, to take care of any other size unit. Now on this 1320 feet, right at the present you could drill at that particular point. You could set your rig up and drill here. Now the problem here is should the Board permit a well after it is drilled, say it wanders out in this direction and now the bottom hole location is here. Should

this well be allowed to produce and get its full allowable or should the Board allow this well, the bottom hole location or the producing interval location that exists near the lease line than the surface hole location as permitted in Rule B-3? Now of course that's our problem because some wells, you can't control them if you are drilling a normal hole. A normal hole is going to wander off in many directions. Most generally it won't go in one direction. It will actually look like a cork screw going down into the ground when you run directional. So at one minute it might be inside this 330 line or at one particular depth in the earth, and the final bottom hole location could be over here. Now in order to cut down on expense, these people testified or made statements here today that they would like the Board to consider, as Pruet and Hughes has stated, They said, "We would recommend that perhaps the bottom hole location not be nearer than half the distance here." If this is 330, then 165 feet. As long as its no nearer than 165 feet then it could be the producing well on that unit without the Board taking some action to prorate production from that well. Now, does anyone have a question on this? Mrs. Wessner, does this explain what you were asking about?

MRS. WESSNER: It does to some extent, Mr. Bailey. I have been as you know, more or less, not able to attend in the past two years and a great many things have happened. I think, I know Mr. Hughes and you were

on my own well, the discovery well happened to be on my little farm, and I have a great deal of respect for Mr. Dudley Hughes. And as I recall, I had, my geologist was Mr. Dale Myers and I believe that he was credited, according to some of the clippings I have of the old papers, with discovering the Pollard Field. But anyway, he wasn't there and I had a nickel's worth of interest, operating interest, in it which gave me the privilege of seeing all the tests. And I remember, and you probably will remember, that Mr. Hughes was sitting there on one test, I wanted to go up on the rig, and he said, "No, it's far too dangerous, Mrs. Wessner." But he said I think I'd ask you if we couldn't get gas masks. This was afterwards, and I tried to keep very strict confidence all the information. I think I asked you could you get from the Gas and Oil Board masks, but Mr. Hughes said, "No, Mrs. Wessner, but I'm going up myself in a little while and I'll come by your house," which was across the street, "and give you a report on it." So they didn't come until late that night or the next day and I believe Mr. Thomas McMillian came by and he said that Mr. Hughes sent his apology but that he wanted to take him off and show him some land that they had. And I noticed yesterday on TV that T. R. Miller does have 195,000 acres and I'm surrounded and I'm not expecting very much on my little 160. But the point that I think I was going to ask of the Board, why should it not, whatever action that is taken

by the Board, why should it be confined as Mr. Hughes I believe has asked, did I understand that he would like not to have anything retroactive? Do you understand me?

MR. BAILEY: I understand your point. Well, it would be most difficult at this time with the technology that we have. If a directional survey is not run on a producing well--it is much easier to run one on a uncased hole. When you run the iron, all this pipe down at the bottom, it would be very difficult and expensive and burdensome on the operator to ask them to come back and directionally redrill some of these wells. You understand?

MR. LAMOREAUX: Mrs. Wessner, there is no reason why your comments though cannot be considered here as far as the retroactive aspect of Rule B-3.

MR. BAILEY: We're listening to all people. We're listening to you, we're listening to Pruet and Hughes, we're listening to Exxon, and then the Staff will take all this information and we will make recommendations to the Board, and then the Board, if they see fit, will take our recommendations, of course, if not, the Board will make their own decision on this.

MRS. WESSNER: I don't know of a thing that's happened you know that one would need to go back.

MR. BAILEY: Does this explain what you wanted to know?

MRS. WESSNER: Yes, I think so, Mr. Bailey.

CHMN. COOK: Any further comment on Item 11?

MR. TRUITT: Mr. Chairman, Jack Truitt with Getty Oil. Our original idea was to ask the Board to continue this matter. However, in view of the statements that have been made, I feel compelled to say this. I do believe that this matter should receive careful consideration for this reason. Getty Oil drills a great number of controlled holes in Venice Field, Plaquemines Parish, Louisiana. Our actual experience indicates that drilling a controlled hole will increase your dry hole cost on the average of 25 percent. In a day and time when just about any well you drill is costing, let's say \$250,000, it seems to me that we should give this proposal very careful consideration because it could work out to be a deterrent to drilling in the State of Alabama, and Getty Oil will have a better prepared statement after we have had time to study this proposal.

CHMN. COOK: Thank you, Mr. Truitt. You say that you had planned to ask for a continuance on the matter and you would like the proposition itself given careful study, and the answer is yes to both your questions. We are going to continue it and we are going to study it carefully. Thank you, sir. Yes, sir.

MR. SANANTONIO: Louis Sanantonio with Amoco Production Company. We sent a wire to the Board yesterday asking for a continuance on this matter, and my company so desires to make a study of the matter. We will forward our comments before the next Board meeting.

CHMN. COOK: Well, thank you sir. Anything further? Anybody? The Staff has recommended and the Board agrees that the matter should be carried over. We want to make sure that everybody has time to respond, and of course, this same item will be on our next month's agenda. Is there a motion to continue this item?

DR. ADAMS: Mr. Chairman, I move that Item 11 be continued until the next Board meeting.

CHMN. COOK: Is there a second?

MR. MADDOX: I second it, Mr. Chairman.

CHMN. COOK: It's been moved and seconded that Item 11 be continued until our next meeting date. Those in favor say "aye"--opposed "no."

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it. It is my further understanding that there is someone who has requested of the Staff that they petition this Board for an emergency order. Is that correct?

MR. LAMOREAUX: That's correct. Mr. Brunning.



MR. BRUNNING: Gentlemen, we would like to petition the Board for an emergency order to recomplete a former abandoned hole to a salt water disposal well and put it into operation as soon as we possibly can. This is the Johnson No. 2 well in the Gilbertown East Field.

MR. WATSON: Mr. Chairman, you might swear this witness at this time.

CHMN. COOK: You are going to discuss these exhibits, etc., Mr. Brunning?

MR. BRUNNING: Yes.

CHMN. COOK: Mr. Supervisor, would you swear the witness?

MR. LAMOREAUX: Raise your right hand and state your name.

MR. BRUNNING: Kenneth F. Brunning.

(Witness was duly sworn by Mr. LaMoreaux)

KENNETH F. BRUNNING

Appearing as a witness on behalf of Choctaw Holdings, Inc., having first been duly sworn, testified as follows:

DIRECT TESTIMONY

MR. BRUNNING: This well was drilled some years back and it is called F. M. Johnson No. 2, and it was plugged and abandoned. But it was drilled to a depth of 4204 feet, I believe, according to the log. Some of you

will have copies of the log in front of you. It is our intention to drill out the plugs in the well and go down to the 3900 to 4200 foot depth, which is the Tuscaloosa zone, and inject water into that zone. That is salt water that is being produced now from the Eutaw Sand by the rest of our wells. We have a well, the Rex Alman No. 5 disposal well, that is also injecting into the Tuscaloosa, but it is above, I believe it is around 3700 feet, and we feel that by going that much deeper we will not cause any problem because these two wells are only a quarter of a mile apart. Now we have studied the log and we like the depth around 3900, and we petition that we drill this well and complete it as a salt water disposal and that we may have use of it immediately because of the fact that our production is suffering for the lack of salt water disposal. In fact, as of last night I had to shut half of the field down after I got back from our meeting yesterday. It's just in order to produce this heavy crude, with the active water drive that is behind the field, we just have to turn volume, and we are returning somewhere around 200,000 barrels of water a month now and we are going to have to do better to get the oil out. That generally is...

CHMN. COOK: Now, Mr. Brunning, you submitted certain exhibits here. Mr. Watson will tell you what the normal function, formality of the Board is with respect to exhibits. Do you want to label these?

MR. WATSON: All right. We'll go through and label them 1 consecutively and if you would like to explain them briefly to the Board.

MR. BRUNNING: Since I gave away all my sets, can I borrow one back?

CHMN. COOK: Yes, you can borrow mine, but he has done a pretty good job of covering it all.

MR. WATSON: If you have then, if you have covered it, then you will just simply ask the Board to receive your exhibits into evidence, and if the Board so chooses, they will accept them.

MR. BRUNNING: I do believe that I have covered the intended flow lines for the salt water disposal as from existing facilities that were already approved sometime ago...

CHMN. COOK: You actually have 5 exhibits here?

MR. BRUNNING: There are 5 exhibits.

CHMN. COOK: Right, now you are requesting this Board to receive these exhibits, 1 through 5, into evidence. Is there any objection? Hearing none, the exhibits will be so received.

(Whereupon, Exhibits, 1 through 5  
were received in evidence to the  
testimony of Kenneth Brunning)

CHMN. COOK: Now would the Staff care to question Mr. Brunning

about any of these exhibits? Do you have any questions on the matter?

MR. BAILEY: Yes, I would like to ask Mr. Brunning a question, Mr. Chairman.

CHMN. COOK: All right, sir. Mr. Bailey.

#### EXAMINATION BY BOARD OR STAFF

MR. BAILEY: Mr. Brunning, have you calculated the salinity or the chlorides of the 3900 foot depth? Is it salt water or is it fresh water?

MR. BRUNNING: I'm sorry, I haven't. I don't think we have any open hole at that depth at this time. The Rex Alman 5 was drilled, I believe, run into 38 something, maybe went to 3930, but it wasn't tested to my knowledge. Now you may have record of it on that well. We can probably get tests on this one once we get down there. We're at 3400 feet now.

MR. BAILEY: Right. Mr. Chairman, I would recommend that he submit to us quality of water data from the zone in which he plans to dispose.

CHMN. COOK: All right. Could you advise the Board to approve the matter with that stipulation?

MR. BAILEY: That it be contingent upon--that should this petition be granted that it be contingent upon his furnishing the Board samples of water for our laboratory so that we can determine the chloride content and the quality of water at that interval.

MR. LAMOREAUX: It's just a matter of record for the benefit of the company as well as the Board to be assured that the injection, the formation into which the injection will take place, contains highly saline water. We actually know from our other records in the area that it is going to exceed 50,000 parts per million chloride. So we know already from our records that this is a saline...

MR. BRUNNING: Is there any bacteria problem?

MR. LAMOREAUX: Not that I know of. Not that we know of.

CHMN. COOK: Are there any further questions of Mr. Brunning?

MR. BAILEY: Yes, sir, I would like...

CHMN. COOK: Mr. Bailey.

MR. BAILEY: I would like also to ask Mr. Brunning--the interval--the 3900 foot interval contains no hydrocarbons? Is that right, Mr. Brunning?

MR. BRUNNING: To the very best of our knowledge no oil....

MR. BAILEY: Right. What is the lowest depth at which you have produced oil? Say in the Rex Alman 5 or this? Is it in the top of the Eutaw?

MR. BRUNNING: Yes. The Rex Alman 5 was drilled as strictly a salt water disposal well, but I believe the lowest production we get at this time is around 3400.

MR. BAILEY: 3400? Then this 39 would be at least 500 feet below

the lowest known producing interval in the Gilbertown Field?

MR. BRUNNING: To the best of my knowledge. Yes, sir.

MR. BAILEY: Then you would not be injecting salt water into a producing interval?

MR. BRUNNING: No, sir. Definitely not. Not in that case.

CHMN. COOK: Any further questions?

MR. LAMOREAUX: No further questions.

CHMN. COOK: If the Board chooses to grant the petition, we might advise this, with the stipulation that it is contingent upon you furnishing whatever water data that the Staff requests. The components at this interval, etc. and I'm sure you're agreeable to that.

MR. BRUNNING: No problem.

CHMN. COOK: On that contingency then, is there a motion?

DR. ADAMS: Mr. Chairman, I move that the request for an emergency order by Mr. Brunning be granted.

CHMN. COOK: You have heard the motion, is there a second?

MR. MADDOX: I second it, Mr. Chairman.

CHMN. COOK: It's been moved and seconded that the emergency order be granted. Those in favor say "aye"--opposed "no."

(All Board members voted "aye")

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

MR. BRUNNING: Thank you, gentlemen.

CHMN. COOK: Thank you, sir.

MR. LAMOREAUX: Mr. Chairman, Item 12 is the approval of the minutes of June 26, 1973 meeting. They have been read by the Staff and we recommend them to you for approval.

CHMN. COOK: All right, sir. Is there a motion?

DR. ADAMS: I move that the minutes be approved of the last meeting.

CHMN. COOK: Is there a second?

MR. MADDOX: I second it.

CHMN. COOK: It's been moved and seconded that the minutes of June 26 be approved. Those in favor say "aye"--opposed "no."

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the minutes are approved.

MR. LAMOREAUX: One more item is your next meeting date.

CHMN. COOK: Our next meeting we might announce. The Supervisor will announce the meeting to be August 29 at 10 o'clock on these premises. The same place. For those of you who are interested. Now we have got another item on the agenda that doesn't have the categorization of an item. It just says adjourn, and I guess that means we are to leave now. Is everybody

in agreement on that? We stand adjourned.

(Whereupon, at 11: 35 A.M. July 31, 1973, the  
Regular Session of the hearing was adjourned)



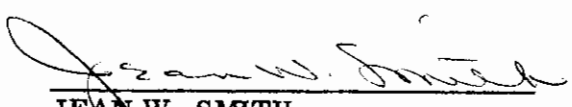
REPORTER'S CERTIFICATE

STATE OF ALABAMA        )

COUNTY OF TUSCALOOSA )

I, Jean W. Smith, Hearings Reporter in and for the State of Alabama, do hereby certify that on Tuesday, July 31, 1973, 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 63 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 or counsel to the parties to said cause, nor in any manner interested in the results thereof.

  
JEAN W. SMITH  
Hearings Reporter  
State of Alabama