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STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

June 20, 1975

Testimony and proceedings before the State Oil and Gas Board of Alabama
in the Board Room of the State Oil and Gas Board Building, University Campus,
Tuscaloosa, Alabama, pursuant to adjournment, on this the 20th day of June, 1975.

BEFORE:

BOARD MEMBERS

Mr. Drexel Cook..... Chairman
Dr. Ralph Adams..... Associate Member
Dr. David Mathews..... Associate Member

BOARD STAFF

Mr. Philip E. LaMoreaux..... Secretary & Supervisor
Mr. Thomas J. Joiner..... Asst. Supervisor
Mr. Charles Freeman..... Attorney
Mr. Donald B. Moore (Absent)..... Petroleum Geologist
Mr. Ken Hanby..... Petroleum Engineer
Mr. James D. Turner..... District Geologist
Mr. Richard Raymond..... District Engineer

(Reported by Jean W. Smith)

APPEARANCES

	<u>NAME</u>	<u>REPRESENTING</u>
1.	R. O. Pruyn Box 50879 New Orleans, Louisiana 70150	Amoco Production Company
2.	Hugh Craig Forshner Box 50879 New Orleans, Louisiana 70150	Amoco Production Company
3.	R. L. Crews Box 50879 New Orleans, Louisiana 70150	Amoco Production Company
4.	Jamal A. Awwad Box 408 Citronelle, Alabama	Citronelle Unit
5.	J. C. Hollingsworth 920 CNB Bldg. Shreveport, Louisiana	Wheless Industries and Jack E. Stack, Jr.
6.	C. F. Horton 920 CNB Bldg. Shreveport, Louisiana	Wheless Industries and Jack E. Stack, Jr.
7.	Tom Watson Tuscaloosa, Alabama	Not listed
8.	Dewitt Reams Mobile, Alabama	Murphy Oil
9.	John Johnson Montgomery, Alabama	Alabama Petroleum Council
10.	Norton Brooker Mobile, Alabama	Wheless Industries and Jack E. Stack, Jr.

APPEARANCES

(Contd.)

	<u>NAME</u>	<u>REPRESENTING</u>
11.	Ed Johnston Tuscaloosa, Alabama	Self
12.	C. Lane Sartor 920 CNB Bldg. Shreveport, Louisiana	Wheless Industries
13.	Dr. Robert McKenzie Tuscaloosa, Alabama	

PROCEEDINGS

(At 10:12 A.M., June 20, 1975, the hearing
was convened in Regular Session)

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

(A prayer was offered by Mr. LaMoreaux)

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

MR. LAMOREAUX: Mr. Chairman, the meeting has been properly advertised,
and I will transmit a notice of the meeting to be incorporated in the record at this
time.

NOTICE OF MEETING

"The State Oil and Gas Board will hold its regular monthly meeting on
Friday, June 20, 1975, at 10 o'clock A.M. in the Board Room of the State
Oil and Gas Board Building, University Campus, Tuscaloosa, Alabama,
to consider, among other items of business, the following petitions:

1. DOCKET NO. 6-20-751

Petition by Amoco Production 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 No. E-75-23, heretofore promulgated on

April 23, 1975, said order approving and establishing the following described lands as a drilling unit for the drilling of a well having a permitted objective depth of 6,000 feet and deeper in search of gas as follows:

The entirety of Section 36, Township 1 North,
Range 7 East, Escambia County, Alabama,

Said order force integrating and requiring all of the other owners or claimants of royalty, minerals and oil and gas leasehold interests within said drilling unit to integrate their interests and to develop their lands as a drilling unit, and by such emergency order, petitioner was named as operator of such said unit and designated as the operator of said well and allowed to charge against the other interest owners, not in excess of what is reasonable, the cost of development and operation of said unit, including a reasonable charge for supervision, from production from said well.

2. DOCKET NO. 6-20-753

Petition by I. N. Hickox, an individual, as Unit Manager of the Citronelle Unit, Citronelle Field, Alabama, as designated by Order No. 166 of the State Oil and Gas Board, promulgated April 26, 1961, requesting an order by the Board to allow

disposal of salt water into the Basal Wilcox and the Tuscaloosa Sands in Citronelle Well A-25-6, said well being located in the SE/4 of the NW/4 of Section 25, Township 2 North, Range 3 West, Mobile County, Alabama, said petition requesting the Board to make permanent the previously promulgated order by the Board of Order No. E-75-33, promulgated on May 22, 1975, granting petitioner the right to dispose salt water in said well in said zones, the said Wilcox Sands being located at an approximate depth of 3,425 feet to 3,680 feet and the said Tuscaloosa Sands being located at an approximate depth of 7,966 feet to 8,856 feet.

3. DOCKET NO. 6-20-755

Petition by Murphy Oil Corporation, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order amending Order No. 73-46 of the Board, which was promulgated by the Board on September 28, 1973, to include within the boundaries of the Fanny Church Field the SW/4 of the NW/4, that part of the NW/4 of the SW/4 which lies north of that certain railroad which runs through said forty

and a one-acre lot which lies south of the railroad in said forty, all being in Section 31, Township 1 North, Range 9 East, Escambia County, Alabama, together with any additional acreage in said NW/4 of the SW/4 which the Board determines, after hearing, should be included within the Fanny Church Field.

4. DOCKET NO. 6-20-756

Petition by Murphy Oil Corporation, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order revoking its Order No. 75-7 which was promulgated by the Board on the 24th day of February, 1975, which said order force integrated all interests as to oil and gas and to oil and gas rights in the SE/4 of Section 36, Township 1 North, Range 8 East, Escambia County, Alabama, as a separate 160-acre drilling unit in the Fanny Church Field and which said order designated Murphy Oil Corporation as operator of said unit.

5. DOCKET NO. 6-20-757

Petition by Murphy Oil Corporation, a foreign corporation authorized to do and doing business in the State of Alabama,

requesting the State Oil and Gas Board to enter an order forming a special production unit of the North Half of the SE/4 of Section 36, Township 1 North, Range 8 East, and of the SW/4 of the NW/4, that part of the NW/4 of the SW/4 which lies north of the railroad running through said forty and a one-acre lot lying south of that certain railroad in said forty, in Section 31, Township 1 North, Range 9 East, Escambia County, Alabama, together with any additional properties in the NW/4 of the SW/4 of Section 31, Township 1 North, Range 9 East, or in the South Half of the SE/4 of Section 36, Township 1 North, Range 8 East, all of the aforesaid being in Escambia County, Alabama, which the Board may determine, after hearing, should be included in said unit; requiring the force integration of all oil and gas and all oil and gas rights in all tracts and interests in a special production unit comprised of said properties as a production unit of the Fanny Church Field and designating Murphy Oil Corporation as the operator of said unit.

Petitions before the State Oil and Gas Board of Alabama must be represented in person by the Petitioner or 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 Act No. 1 of the Legislature of Alabama in the Regular Session of 1945, an Act that became effective May 22, 1945, and the same now appearing in Title 26, Chapter 3, Code of Alabama (1940) (Recomp. 1958), as last amended.

The public is invited to attend this meeting.

Philip E. LaMoreaux

Secretary to the Board

State Oil and Gas Supervisor"

CHMN. COOK: Item 1.

MR. LAMOREAUX: Item 1 on the agenda of the State Oil and Gas Board of Alabama, June 20, 1975, Docket No. 6-20-751, a petition by Amoco Production Company. Would the petitioners please come forward? Mr. Forshner, do you have witnesses to be sworn?

MR. FORSHNER: Yes, I have.

MR. LAMOREAUX: Would they please come forward?

CHMN. COOK: State your name for the record, sir, and the Supervisor will swear your witnesses.

MR. FORSHNER: I'm Craig Forshner, attorney for Amoco Production Company, and I have two witnesses, Mr. Robert Pruyn and Mr. Raymond Crews.

(Witnesses were duly sworn by Mr. LaMoreaux)

MR. LAMOREAUX: Proceed.

CHMN. COOK: Have a seat, gentlemen.

MR. FORSHNER: Amoco is asking the Board to make permanent an Emergency Order No. E-75-23 dated April 23, 1975, and extended on May 29, 1975, as Emergency Order No. E-75-34, said orders approving and establishing Section 36, Township 1 North, Range 7 East, Escambia County, Alabama, as a drilling unit for the drilling of the Amoco-John J. Cooper No. 1 well, having a permitted objective depth below 6,000 feet in search of gas and force integrating all separately owned interests therein. Amoco will call two witnesses. I introduce the docket files numbers 5-2-7513 and 6-20-751 containing the petition for the emergency order and the petition to make the emergency order permanent, and I'll call Mr. Robert O. Pruyn as our first witness.

MR. FREEMAN: Mr. Chairman.

CHMN. COOK: Mr. Freeman.

MR. FREEMAN: Mr. Forshner, would you give me that Emergency Order No. ? I understood you to say 35, as the last two digits.

MR. FORSHNER: That's the docket number. The docket for the emergency order is 5-2-7513.

MR. FREEMAN: I see. All right. I probably misunderstood you.
Thank you.

MR. FORSHNER: Mr. Pruyn, would you state your full name and employment please?

MR. PRUYN: My name is Robert Pruyn. I work for Amoco Production Company in the New Orleans Division Office as a petroleum engineer.

MR. FORSHNER: Have you previously testified and qualified before this Board as an expert in the field of petroleum engineering?

MR. PRUYN: Yes, sir, I have, but at the time I did not turn in an affidavit covering my background and education or I don't recall if I did or not, but I have a copy of that that I would like to submit.

MR. LAMOREAUX: Thank you, sir, and we will enter that into the record.

MR. FORSHNER: If the Board wants Mr. Pruyn can...

CHMN. COOK: Mr. Pruyn's qualifications have been accepted previously by this Board and you may proceed.

MR. FORSHNER: Thank you, sir.

ROBERT O. PRUYN

Appearing as a witness on behalf of Petitioner, Amoco Production Company, having first been duly sworn, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Forshner:

Q Mr. Pruyn, is Escambia County, Alabama, within your area of

responsibility?

A Yes, sir, it is.

Q Are you familiar with Amoco's petitions in Dockets Nos. 5-2-7513 and 6-20-751 and the relief sought by the Petitioner in these petitions?

A Yes, sir, I am.

Q Did you prepare or have you had prepared under your supervision an exhibit for this hearing?

A Yes, sir, I had prepared Exhibit 1 in this booklet.

MR. LAMOREAUX: Is there anyone in the audience who would like a copy of this exhibit?

(Copies of exhibit distributed)

MR. FORSHNER: I would like to have a copy of this marked as Exhibit 1 for identification please?

CHMN. COOK: The gentleman has requested the Board to receive this document as Exhibit 1 for the purposes of identification. Are there any objections? Hearing none, it will be received for that purpose.

(Whereupon, Exhibit No. 1 was received for identification)

(Questions contd. by Mr. Forshner)

Q Mr. Pruyn, would you please review your exhibit for the benefit of this Board?

A Exhibit No. 1 is a plat which shows the John J. Cooper Well No. 1 in

red and the surveyed location of the well being 2400 feet North of the South Line and 1650 feet East of the West Line of Section 36, Township 1 North, Range 7 East, in Escambia County, Alabama. The unit for the well is outlined in black on this plat and includes all of Section 36 which is approximately 640 acres in size. The well is being drilled on the State Permit 2090, dated April 23, 1975, and is currently at 16,262 feet and we're preparing to log. The objective is the Smackover Formation found productive of gas in the Big Escambia Creek Field located just to the north of the location. The size of the unit and the spacing of the well are both in line with statewide order 74-21 dated May 28, 1974, which provides for a drilling unit of 640 acres for a gas well below 6,000 feet and a well spacing of not less than 1320 feet from a unit line. The size and spacing is also in line with the field rules for Big Escambia Creek Field which require units of 640 acres and spacing not less than 1320 feet from unit lines.

Q Mr. Pruyn, if the relief sought by the Petitioner in its petitions in these dockets is granted, will this prevent the drilling of unnecessary wells, prevent avoidable waste, and promote the conservation of natural resources?

A Yes, sir, it will.

Q Will the coequal and correlative rights of all parties be protected?

A Yes, sir.

Q Does Amoco desire to be named as the operator of this well and is Amoco requesting that it be allowed to charge the costs of development and operation of this unit if production results to the parties who have not consented in their respective proportions in accordance with the laws of Alabama and the rules of this Board?

A Yes, sir, we do.

MR. FORSHNER: Mr. Chairman, I offer Exhibit No. 1 into evidence and I tender this witness to the Board.

CHMN. COOK: The gentleman has offered Exhibit 1 into evidence.

Any objections to receiving it for that purpose? Hearing none, it will be so received.

(Whereupon, Exhibit No. 1 was
received in evidence to the
testimony of Robert O. Pruyn)

CHMN. COOK: Any questions of Mr. Pruyn?

EXAMINATION BY BOARD OR STAFF

DR. MATHEWS: I was just interested in his describing for us those owners that are not presently integrated.

MR. FORSHNER: We will put a landman on that will describe the land situation. Mr. Pruyn was just going to describe the physical characteristics of this well and the search for gas.

CHMN. COOK: Any further questions of Mr. Pruyn?

MR. LAMOREAUX: No further questions of this witness.

CHMN. COOK: Anyone? Next witness.

MR. FORSHNER: I offer Mr. Raymond Crews as our next witness.

Would you state your name and employment, please sir?

MR. CREWS: Raymond L. Crews. Employed as a staff landman for Amoco Production Company in New Orleans, Louisiana.

MR. FORSHNER: Mr. Crews, have you previously testified and qualified before this Board as a petroleum landman?

MR. CREWS: I have not.

MR. FORSHNER: Would you state your educational background and professional experience as a petroleum landman?

MR. CREWS: I have prepared an affidavit which I would like to present to the Board and read if it's permissible. I graduated with a Bachelor of Science degree from the School of Commerce (curriculum marketing) Oklahoma A & M (now Oklahoma State University) in the spring of 1942. For the next four years, I served the U.S. Army with the highest rank of Captain, Infantry. For 18 months, immediately following the war, I was employed as a teller, including other training activities, with the Security First National Bank of Los Angeles at Long Beach, California. Since the fall of 1947 I have been employed by Amoco Production Company, less 18 months leave for additional active military service in the Korean War, in various capacities involving land management or administration. My present classification as an Amoco employee is Staff Landman, Senior Grade,

and I now assist, primarily performing the landman's function, in the management of Amoco's oil and gas properties in Alabama, Florida, Georgia and Northern Mississippi. I have had considerable land experience in at least ten different states in the midwestern and southeastern portions of the U.S.A, I am a member of the American Association of Petroleum Landmen and the Petroleum Landmen's Association of New Orleans. I have heretofore testified as a witness before the Oklahoma Corporation Commission.

CHMN. COOK: Thank you, sir. Any questions or comments on the gentleman's qualifications? Anyone? Without objection, then the Board will accept your qualifications as an expert landman.

RAYMOND L. CREWS

Appearing as a witness on behalf of Petitioner, Amoco Production Company, having first been duly sworn, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Forshner:

Q Mr. Crews, is Escambia County, Alabama, within your area of responsibility?

A It is.

Q Are you familiar with Amoco's petitions in Dockets Nos. 5-2-7513 and 6-20-751 and the relief sought by the Petitioner?

A I am.

Q At the time of the filing of the petition for the emergency order in Docket No. 5-2-7513, had Amoco reached agreement with all working interest owners in Section 36, Township 1 North, Range 7 East, Escambia County, Alabama, to integrate their interests as a drilling unit?

(Dr. Mathews left the room at this point)

A We had contacted all owners but we only had approximately 92 percent in agreement at that time.

Q And has Amoco contacted and attempted to get all working interest owners in this section to integrate their interests for the drilling of a well on the unit comprised of this section?

A We have. We still have unleased approximately 1.3 percent interest. These parties are in the North Half of SW SW Quarter, Section 36, William W. Killiam, Carolyn K. Freeman, and Fred C. Killiam, who own 6.67 net acres. Also in a 1 1/2 acre tract in the SW corner of the NE/4 of Section 36, we were unable to obtain a lease from Odie-- that's O-d-i-e--Lee Poston--P-o-s-t-o-n--who lives in Pensacola, Florida.

Q Did Amoco offer to buy leases from these parties on at least the same or better terms than Amoco leased from other parties in this section?

A We did.

(Dr. Mathews returned to the room)

Q Mr. Crews, if the relief sought by Amoco in these petitions is granted will the coequal and correlative rights of all parties be protected and enforced?

A They will.

MR. FORSHNER: That's all the questions I have of this witness.

CHMN. COOK: Will the witness please restate for Dr. Mathews' information the percentage outstanding?

MR. CREWS: We have approximately 1.3 percent interest in the entire section that we were unable to obtain leases from. These were in the North Half of SW SW Quarter which is a 20-acre tract approximately...

DR. ADAMS: That means you have got 98 percent plus.

MR. CREWS: Yes, sir, that is correct.

DR. ADAMS: Stated in the positive.

MR. CREWS: Yes, sir. These were William W. Killiam...

MR. LAMOREAUX: I think that's all that Dr. Mathews was interested in.

MR. CREWS: O.K.

DR. MATHEWS: Tell us approximately how many people are involved.

MR. CREWS: We had one, two, three, four people we were unable to obtain leases from.

DR. MATHEWS: Fine. That's satisfactory.

CHMN. COOK: Any questions of Mr. Crews?

MR. LAMOREAUX: We have no further questions.

CHMN. COOK: Anyone? Does that conclude your testimony?

MR. FORSHNER: Yes, sir, that concludes it.

CHMN. COOK: What's the pleasure of the Board, gentlemen?

DR. ADAMS: Mr. Chairman, I move that the petition contained in Item 1 be granted.

DR. MATHEWS: I second it, Mr. Chairman.

CHMN. COOK: It's been moved and seconded that the petition contained in Item 1 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 granted. Item 2, Mr. Supervisor.

MR. FORSHNER: Thank you.

CHMN. COOK: Thank you, gentlemen.

MR. CREWS: Yes, sir, thank you.

MR. LAMOREAUX: Item 2 is Docket No. 6-20-753, a petition by I. N. Hickox, an individual, as Unit Manager of the Citronelle Unit. Petitioner please come forward. Will you have witnesses?

MR. AWWAD: No, sir.

CHMN. COOK: State your name for the record, please sir.

MR. AWWAD: Jamal--J-a-m-a-l A-w-w-a-d--Jamal Awwad.

MR. LAMOREAUX: I think you had better repeat that.

MR. AWWAD: A-w-w-a-d. That's the last name--Awwad.

CHMN. COOK: Don't feel nervous about it. There ain't no name worse than Drexel.

(Laughter from audience)

MR. AWWAD: It's the first time for me.

CHMN. COOK: That's all right. Just make yourself comfortable.

(Witness was sworn by Mr. LaMoreaux)

CHMN. COOK: You just sit down there and make yourself at home, old buddy.

JAMAL AWWAD

Appearing on behalf of Petitioner, I. N. Hickox, having first been duly sworn, testified as follows:

DIRECT TESTIMONY

MR. AWWAD: I gave the Board my resume and showed my experience where I worked since I graduated from Louisiana State University in January 1969.

CHMN. COOK: Do you have that resume with you, sir?

MR. AWWAD: It's in the file.

CHMN. COOK: All right. Thank you, sir.

MR. AWWAD: I worked in Welex Division of Halliburton in Tyler, Texas, from March 1969 to December of '69 as logging engineer. Then from December of '69 to July '73 with Pennzoil Company in West Virginia as drilling, production, and reservoir engineer. Then from July '73 to February '74 in Citronelle Unit as production engineer. Then from February '74 to May, 1974, with Pennzoil again as area production engineer. Then from May '74 to the present as senior engineer with Citronelle Unit.

CHMN. COOK: All right, sir. You've heard the gentleman's qualifications. Any questions on his qualifications or comment?

MR. LAMOREAUX: Mr. Chairman, we will accept his qualifications.

CHMN. COOK: All right, sir. Proceed, sir.

MR. AWWAD: O.K. Petition has been applied to the Board for request to make the Emergency Order No. E-75-33 of May 22, 1975, permanent order so we can inject salt water to the Tuscaloosa and Wilcox sands. This petition has been sent because--due to the increase of water production we had in the field so we need other places to dispose of that water. I have Exhibit 1 and Exhibit 1-A shows that petition which was sent to the Board. This is for you.

(Exhibits were distributed)

MR. LAMOREAUX: Let me have those and you can proceed with your statement. Is there anyone in the audience that would like a copy of this exhibit?

CHMN. COOK: All right, sir, proceed. Are you going to explain your exhibits now?

MR. AWWAD: Yes, sir. Exhibit 1 and 1-A shows that petition for the permanent order to inject water in salt water sands. And Exhibit 2 shows the letter which was sent to the Board on April 2, 1975, for permission to inject salt water into the Wilcox Sand and also Tuscaloosa Sand and shows the location of the subject well. The Exhibit 3 shows the procedure which will be followed to protect any fresh water above this sand. We are going to set bridge plug below the recommended sand, which is the Wilcox Sand, and above the existing Tuscaloosa Sand, which we are injecting right now, is salt water in it, and we block squeeze from 3798 to 3800 feet to the surface if it is possible and to cement the casing. Then later on we will perforate the selected perforation intervals in the Wilcox Sand from 3425 to 3680 feet. And all proper steps will be taken to protect the fresh water which is located about 1200 feet and a sample of the water for the Wilcox salt water sands will be analyzed and sent copy to the Board. Exhibit 4 shows that the diagram of the well--what's in it--shows that the conductor is about 35.4 pounds 48 feet and also says that 10 3/4-inch hole--location of it--at 1822 feet which was cemented by 750 sacks of cement. And shows also the 7-inch casing. It just shows also the proper steps will be taken too for block squeeze and do all that we can to protect any fresh water sands. The Exhibit 5 shows a copy of the electric log and it shows that the subject

sands, which is located from 3420 to 3680 feet and the perforation will be applied, and above that it shows the shale sections which are located about 3420 feet.

Exhibit 6, it shows that Wilcox water analysis, a copy of that which was done in D-16-5 well and shows what's the total dissolved solids, approximately 80,000 parts per million. Exhibit 7 and 7-A and 7-B shows the water which we will be producing from the Donovan Sands and Rodessa Formation.

CHMN. COOK: Are you finished.

MR. AWWAD: Yes, sir.

CHMN. COOK: Any questions on the exhibits? Any questions? (No response)

Has the staff reviewed these exhibits?

MR. LAMOREAUX: No further questions. The staff has actually discussed this in great detail with the company so we are familiar with the proposal.

CHMN. COOK: Do you recommend the approval of the petition?

EXAMINATION BY BOARD OR STAFF

MR. LAMOREAUX: No, we would like to hear, or I would like to hear, a little bit more about the chemical character of the water from the proposed injection zone. Would you describe that for us please?

MR. AWWAD: Exhibit 6 shows the kind of water which--you're talking about the Wilcox Sand?

MR. LAMOREAUX: Yes.

MR. AWWAD: O.K. That shows the Wilcox Sand Formation...

MR. LAMOREAUX: Would you advise us as to how that sample of water was collected?

MR. AWWAD: It was collected in 1961 by Mobil Oil Corporation, and it was collected in a swabbing test. They ran a swab and got the sample and they took it to the lab and run the ...

MR. LAMOREAUX: And then could you read into the record the total dissolved solids and the chloride content of this water sample?

MR. AWWAD: Yes, sir. The total dissolved solids in this sand is 80,254 parts per million and the chlorides 49,132 parts per million.

MR. LAMOREAUX: Does the staff have any other questions? We have no further questions, Mr. Chairman.

CHMN. COOK: Anyone else wish to comment on this petition? Anyone?
(No response) Is there a motion?

DR. MATHEWS: I move that the petition be granted.

DR. ADAMS: I second it.

CHMN. COOK: It's been moved and seconded that the petition contained in Item 2 on this date's 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, sir.

MR. AWWAD: Thank you. I hope I did good.

(Laughter from audience)

DR. ADAMS: Well, you got your petition.

CHMN. COOK: It would be hard to do better. Item 3, Mr. Supervisor.

MR. LAMOREAUX: Item 3 is Docket No. 6-20-755. Would the Petitioner please come forward?

MR. REAMS: Dewitt Reams, representing the Petitioner, Mr. Chairman, and members of the Board.

MR. LAMOREAUX: Do you have witnesses or do you wish to be sworn in?

MR. REAMS: No. Thank you. For Items Nos. 3, 4, and 5 are a package and we wish to withdraw. The petitions--we have--this is a very notty problem which the Chairman and Mr. Adams probably will remember from previous testimony on this Simmons well in the Fanny Church Field, or adjoining the Fanny Church Field, and on Tuesday of this week Murphy succeeded in working out a compromise with Exxon on their difficulties on this and part of the compromise calls for the withdrawing of these petitions and the filing of new petitions for the Board meeting next--your next meeting. I started to say next month but you may not have one next month, but whenever the next Board meeting is, and the formation of a unit that will be formed differently from the one that we have petitioned for. So that is the purpose of the withdrawal.

MR. LAMOREAUX: Mr. Reams, we congratulate you on working toward an orderly solution for this problem.

MR. REAMS: Well, thank you. I think that you and Mr. Joiner had some input in that also and we hope that it is going to be one that will be satisfactory to everyone.

CHMN. COOK: The gentleman has requested that items...

MR. REAMS: Three, four and five.

CHMN. COOK: Three, four and five be withdrawn. Is there any...

MR. REAMS: Without prejudice please, Mr. Chairman.

CHMN. COOK: Without prejudice. Is there anyone here who wishes to speak to this request? Any objection? (No response) Hearing none, Counselor, is it permissible for a motion to be made for the withdrawal of three items at once or do you have to do it separately?

MR. FREEMAN: Yes, sir. All of these items deal with essentially the same subject matter.

CHMN. COOK: Well, the question is can we--is there a motion to withdraw Items 3, 4, and 5 without prejudice?

DR. MATHEWS: I so move.

DR. ADAMS: I second it.

CHMN. COOK: It's been moved and seconded that Items 3, 4 and 5 be withdrawn without prejudice. Those in favor say "aye"--opposed "no."

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the items are withdrawn.

MR. REAMS: Thank you very much.

CHMN. COOK: Thank you, Mr. Reams.

MR. REAMS: May I offer my congratulations to Dr. Mathews both on being appointed to the Board and the other pending appointment.

CHMN. COOK: I'm sure it's quite apropos.

DR. MATHEWS: I don't know what you're talking about except in the first instance but I appreciate your ...

(Laughter from audience)

CHMN. COOK: Item 6, Mr. Supervisor.

MR. LAMOREAUX: Item 6 is Docket No. 6-20-758. Petitioner please come forward. Petition by Wheless Industries, Inc.

MR. BROOKER: I'm Norton Brooker with Lyons, Pipes and Cook in Mobile and I represent the petitioners. Will you introduce yourselves?

MR. SARTOR: I'm Lane Sartor. I'm employed by Wheless Industries.

MR. HOLLINGSWORTH: I'm J. C. Hollingsworth, employed by Wheless Industries--a subsidiary of Wheless Industries.

MR. HORTON: I'm Charlie Horton, employed by Wheless Drilling Company.

CHMN. COOK: Do you wish these gentlemen sworn?

MR. BROOKER: Yes, sir, please sir.

(Witnesses were sworn by Mr. LaMoreaux)

CHMN. COOK: Have a seat, gentlemen.

DR. ADAMS: You said your name was Cook?

MR. BROOKER: Brooker.

DR. ADAMS: Oh, Brooker.

MR. BROOKER: Yes, sir. If it is permissible, we would request that all of the evidence given by the three witnesses be considered in all of the petitions that we have filed. I think it might shorten things. We would also like to present at this time--we have four exhibits...

CHMN. COOK: Just a moment, Mr. Brooker. What's the proper procedure for receiving evidence on more than one petition there, Charlie?

MR. FREEMAN: If we are considering all three petitions at once, it would be proper. I don't believe there has been a motion yet...

CHMN. COOK: Well, we're considering Item 6 at this moment. He has asked that the testimony given by the three witnesses be--what was your request?

MR. BROOKER: Well, I would request that the evidence that we present this morning be considered as to all our petitions. Perhaps maybe I should request that we consider all of our petitions at the same time.

CHMN. COOK: Maybe so.

DR. ADAMS: What are your petitions? What are the numbers?

MR. BROOKER: Basically--well, it's the rest of the docket.

DR. ADAMS: Oh, the rest of the docket?

MR. BROOKER: Six, seven, eight and nine.

CHMN. COOK: Is there any objection to hearing testimony and considering 6, 7, 8, and 9--the petitions contained in 6, 7, 8, and 9--at this time? Any objection at all?

MR. LAMOREAUX: No objection.

CHMN. COOK: Anything wrong with that procedure there, Mr. LaMoreaux, that you know of?

MR. LAMOREAUX: Not that we know of.

CHMN. COOK: All right, without objection then we will take testimony on those items mentioned.

MR. LAMOREAUX: Does anyone in the audience like a copy of the exhibit? We have an extra one.

MR. BROOKER: We would also request that our petitions themselves be admitted into evidence as evidence. They are sworn petitions and I'll make the statement to the Board that the reason that I'm doing this is in the hope of shortening the testimony a little bit insofar as the name of the proposed field and things such as this. This is the only reason.

CHMN. COOK: That's very reasonable and thank you very much. There is no objection to that, I'm sure, is there? (No response) Proceed, sir.

MR. BROOKER: I'll call Mr. Sartor as my first witness. State your name, please sir.

MR. SARTOR: My name is Lane Sartor.

MR. BROOKER: Where do you live, sir?

MR. SARTOR: I live in Shreveport, Louisiana.

MR. BROOKER: By whom are you employed?

MR. SARTOR: I'm employed by Wheless Industries.

MR. BROOKER: Have you ever testified before this Board prior to today?

MR. SARTOR: I have not.

MR. BROOKER: All right, sir. Would you state for the benefit of the Board some of your educational and work background in the field of oil and gas?

MR. SARTOR: I hold a bachelors degree from Washington and Lee University in Lexington, Virginia, from which I graduated in 1942 and after military service I was employed by Barnstill (phon.) Oil Company as geologist from 1947 until 1950 and from 1950 to 1954 by Pan American Southern Corporation, and since 1954 I have been employed by Wheless Industries as geologist and as land manager for their affillate company.

DR. ADAMS: Would you tell us what Wheless Industries is?

MR. SARTOR: Wheless Industries is a corporation which is primarily in the oil well drilling business principally operating in Arkansas, East Texas, and Louisiana and operating 11 drilling rigs and barges in South Louisiana. We have a production operation and also drill and produce oil for our own account. We have

several subsidiary companies, Tensaw Delta Land Company and one or two other smaller companies which we operate principally as land and property management and oil operations. We are headquartered in Shreveport, Louisiana. We have been in business 51 years.

DR. ADAMS: Thank you.

MR. BROOKER: Are there any more questions?

MR. LAMOREAUX: Mr. Sartor, does the name "Lahee" mean anything to you?

MR. SARTOR: Yes, sir.

MR. LAMOREAUX: Could you tell us...

MR. SARTOR: Well, Dr. Frederick Lahee I presume you are referring to.

MR. LAMOREAUX: Right.

MR. SARTOR: He is well known and almost a pioneer geologist in our profession and he is--I don't know just exactly what you mean to say about him but...

MR. LAMOREAUX: Any particular outstanding publication or contribution?

MR. SARTOR: Well, yes, I believe if my recollection is--I don't know just exactly what publication you are drawing from and I'm not sure that I can answer that question. His textbooks were used in the University when I was--I've seen textbooks and books written by him. I'm sorry I don't believe that I can answer the question that you are asking. I'm not sure that I know just exactly what you're...

MR. LAMOREAUX: We have no further questions.

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

Hearing none, your qualifications are accepted by this Board.

LANE SARTOR

Appearing as a witness on behalf of Petitioner, Wheless Industries, Inc., having first been duly sworn, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Brooker:

Q Would you please tell the Board in a general way what Wheless and Mr. Stack are asking the Board for today?

A Well, generally, the petition that we have requested--the several petitions that we have requested--are designed to bring together and orderly develop an area which has come upon us rather suddenly. We were able to put together the necessary leases and operators to bring together the area that we are drilling and have drilled in Conecuh County, the Wheless-Stack, Alger Sullivan No. C-1, which was a re-entry into a previously drilled well by Tenneco. The purpose of our petitions is to permit an orderly development of an area. The reason that it is asked for on an emergency basis is that due to the problems in the industry, acquiring casing and drilling rigs and their availability, we were unable to get onto this

location until May 22 of this year and on June 8 we ran state witnessed potential test to this well. This left us with a very short time to bring together the various lease ownerships that we had in the SE/4 of Section 35 of Township 4 North, Range 7 East. The leases that we hold in there are basically leases that we purchased or arranged with the present companies to take farmout agreements. The companies under the East Half of the SE/4 of Section 35 have contributed their acreage to the drilling of our well but with the requirement that that acreage be placed in a unit by July 27 of this year, and because we found this date-- the hearing arrangement--to be on June 20, today, it was not sufficient time from our test to advertise this hearing as a regular hearing, and hence, we requested it as an emergency hearing, and we, of course, realize that this must be affirmed at a later hearing. We did not know exactly the date of the July hearing and we couldn't take a chance of having our unit integrated and pooled and approved in that short a notice. So that is the reason for our emergency hearing. Wheless Industries and Mr. Jack Stack own and control more than 80 percent of all of the acreage within the petitioned area which includes Sections 25, 26, 27, 34, 35, and 36, of Township 4 North, 7 East, and Sections 1, 2, and 3 of Township 3 North, Range 7 East. Within approximately a mile radius of the well, our companies control more than 98 percent of the acreage,

and within the unit which the well is drilled and which we are asking to be expanded to 160 acres we own and control all but 3.8 percent of that unit. All of the mineral owners and property owners are under lease. There are no outstanding mineral owners of individuals to our knowledge. The 3.8 percent is owned by Amerada Hess Company and we are not at odds or at variance from them. They simply, since it was a very small mineral interest amounting to less than 7 acres within the unit, they simply chose not to take any action, either to join us and pay their portion or part of the well or to farmout to us, and we feel sure that since the well has been completed that they will adopt our operating agreement at some future time, but they just simply told us that it was a matter that to them was relatively insignificant and they were not going to take action on it at this time. That's the background of the reason of our petition.

Q Have you brought with you an exhibit showing the lease ownership in the area?

A Yes, the Exhibit A, which was prepared by Wheless Industries under our direction, illustrates the area which we've been referring to. The red line outlines the area that we are proposing the field rules be adopted and spacing be adopted. The reason for the 9 section units, of units, is that we are very much interested in doing this in a matter--

in an orderly manner--and if we were petitioning for just one or two units at a time, it is our feeling that it would be better, not knowing exactly what the extent of this potential field might be, but we would like to have an orderly pattern of units established with an orderly development following based upon the field rules and the spacing and the distance between wells that we have requested.

CHMN. COOK: Let me interrupt to say this now. You have four petitions before this Board each of which is a petition for an emergency order, is this correct?

MR. BROOKER: That's correct.

CHMN. COOK: Mr. LaMoreaux, you may correct me here, but it appears that this Board has a sensitivity about emergency orders, as you already know.

MR. BROOKER: We realize that.

CHMN. COOK: But it would seem that you would want to point out the reason for the emergency because action on the petitions themselves can only be had at a subsequent meeting.

MR. BROOKER: Well, I thought we had tried to point that out to the Board.

CHMN. COOK: In the interest of your time, I'm talking about.

MR. BROOKER: Well, I'm sorry, I don't quite understand.

CHMN. COOK: Does the same testimony have to be re-presented to

make the order permanent?

MR. LAMOREAUX: No, the testimony can be reintroduced at the next meeting and then the Board can make permanent the temporary action--emergency action.

CHMN. COOK: Or not make it permanent.

MR. FREEMAN: Yes, sir.

MR. LAMOREAUX: That's correct.

CHMN. COOK: Well, I might be bogging down in my own words here, but I don't want you to have to do it twice is what I'm saying. If you can convince the staff and the Board that there is an emergency existing.

MR. FREEMAN: Mr. Chairman.

CHMN. COOK: Yes.

MR. FREEMAN: I might say this that if, for instance, opposition appeared at the next meeting on a hearing to make this permanent, then it might be that they might have the right to insist on full testimony again since they would not have been here to...

CHMN. COOK: If there is opposition at the next meeting to make the order permanent, then of course they would want to offer whatever testimony...

MR. BROOKER: Mr. Chairman, our plan was to present this as a full proceeding to you all today as well as at the next meeting. We will have these

gentlemen available in the event there is opposition. We did plan though to, in the event there was no opposition when the petition to make it permanent, if you all grant it today, we would at that time reintroduce or ask the Board to allow us to reintroduce the testimony from this hearing.

CHMN. COOK: It sounds like your plan is better than mine so proceed.

MR. LAMOREAUX: I believe the petitioner realizes the chance or the gamble involved in an emergency petition. I think they are probably well aware of that.

MR. BROOKER: Now your Exhibit A was prepared by Wheless Industries under your direction?

MR. SARTOR: That's correct.

MR. BROOKER: We would ask that it be introduced in as evidence at this time.

CHMN. COOK: The gentleman requests that the Board receive Exhibit A-- is it "A" you label it?

MR. BROOKER: Yes, sir.

CHMN. COOK: Exhibit A into evidence. Is there any objection? Hearing none, the Board will receive Exhibit A into evidence.

(Whereupon, Exhibit A was received in evidence to the testimony of Lane Sartor)

(Questions contd. by Mr. Brooker)

Q In your opinion, will the force integration of the SE/4 of Section 35, Township 4 North, Range 7 East, Conecuh County, Alabama, prevent waste and avoid the drilling of unnecessary wells and protect the coequal and correlative rights of all owners in that quarter section?

A It will.

Q In your opinion, is Wheless Industries and Jack E. Jack, Jr., competent operators to conduct operations on this quarter section?

A I believe that they are.

MR. BROOKER: Now that is all the testimony that I ask of this witness at this time. I would present him to the Board.

CHMN. COOK: Any questions of the witness?

MR. LAMOREAUX: We have no further question at this time.

CHMN. COOK: Anybody? The Board? All right, sir, thank you.

Next witness.

MR. BROOKER: Mr. Hollingsworth, state your name for the record, please sir.

MR. HOLLINGSWORTH: My name is J. C. Hollingsworth.

MR. BROOKER: By whom are you employed?

MR. HOLLINGSWORTH: I'm employed by Tensaw Delta Land Company,

a subsidiary of Wheless Industries.

MR. BROOKER: All right, sir. And where do you live?

MR. HOLLINGSWORTH: I live in Shreveport, Louisiana.

MR. BROOKER: All right, sir. Have you ever testified before this Board before?

MR. HOLLINGSWORTH: I have not.

MR. BROOKER: All right, sir. Would you state for the Board your qualifications and background in the oil and gas industry?

MR. HOLLINGSWORTH: I have a Bachelor of Science degree from Centenary College. I graduated in 1950. And a Master of Science degree in Geophysics from the Colorado School of Mines. I have been actively employed in the petroleum industry since 1953.

MR. BROOKER: Does the Board have any questions?

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

MR. LAMOREAUX: We have no further questions on his qualifications. I understand that all these men that are testifying will submit their resumes and properly signed and they will be made a part of the record--permanent record.

CHMN. COOK: If there are no objections, the Board will accept your qualifications as an expert witness.

J. C. HOLLINGSWORTH

Appearing as a witness on behalf of Petitioner, Wheless Industries, Inc., and Jack E. Stack, Jr., having first been duly sworn, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Brooker:

Q Mr. Hollingsworth, are you familiar with the geological formations near Section 35, Township 4 North, Range 7 East, Escambia County?

A I am.

Q Have you prepared some exhibits to go with your testimony today?

A I have. Exhibit B which you have been furnished.

Q Let's identify them for the Board. I believe it's Exhibit B and Exhibit C. All right, sir, would you explain those exhibits to the Board, please sir?

A Exhibit B is a structure map of the Barnett Field contoured on top of the Smackover Dolomite. Exhibit C, which is on the reverse side, is a cross section showing the structural and stratigraphic relationship of the Smackover Formation in this area. Exhibit D is a portion of a large scale log, Dual Induction log, of the Wheless-Stack, C-1 Alger Sullivan showing the top and base of the Smackover, the perforations, and other production data.

Q Now in connection with your exhibit, will you explain to the Board how the exhibit relates to the proposals that are being made by Wheless

Industries and Mr. Stack here today ?

A Going back to Exhibit D, geologically the Barnett Field is just north of the Louann Salt Basin and it's on a southwest trending Paleozoic ridge which juts out from the Appalachians. The structural configuration of the field as indicated by subsurface mapping is an elongate northwest trending feature with closure of 250 to 300 feet. The closure covers some 3,900 acres and is a direct result of the Smackover being deposited over a topographic high in the Paleozoic rocks. Although there was possibly some later upward movement, the primary structural feature was already present in the Paleozoic when the Smackover was laid down. The Smackover in this area consists of a sequence of anhydrite, dolomite with disseminated anhydrite, dolomite and limey dolomite. As shown on the cross section, Exhibit C, it ranges in thickness from 85 feet in the Wheless-Stack C-1 well to 220 feet thick downdip in the Tenneco C-2 well. The C-1 well had some 49 feet of oil shows scattered throughout this 85-foot interval. Scattered oil shows are also found in the C-2 well. My interpretation of all the data presently available indicates that the units shown on Exhibit B are probably underlain by productive portions of the Smackover Formation and that one well will effectively drain 160 acres.

Q In your opinion, will the proposed well spacing and the proposed unit for the proposed Barnett Field provide for the proper and orderly development of the Smackover Oil Pool and prevent the drilling of unnecessary wells and protect and enforce the coequal and correlative rights of all owners in the pool and prevent avoidable waste and promote the conservation of natural resources?

A It will.

Q Is the Smackover Pool encountered in Section 35, Township 7 North, Range 4 East, in your opinion, a separate pool from any other pool in this area?

A Yes, it is.

Q And will the Special Field Rules as proposed by the Petitioners, in your opinion, provide for the proper and orderly development of the Smackover Oil Pool and prevent the drilling of unnecessary wells and protect and enforce the coequal and correlative rights of all owners in said pool, and prevent avoidable waste?

A Yes.

MR. BROOKER: I would tender the witness to the Board for any further questions.

CHMN. COOK: Any questions of Mr. Hollingsworth? Mr. LaMoreaux.

EXAMINATION BY BOARD OR STAFF

MR. LAMOREAUX: Mr. Hollingsworth, I'm interested in the trend that you are projecting here and the structure. Do you have geophysical information that you have used...

MR. HOLLINGSWORTH: No, I do not have...

MR. LAMOREAUX: No, I don't mean here. Did you use geophysical as well as the ^{samples} ~~material~~ from testing...

9/15/75

MR. HOLLINGSWORTH: No. I did not have access to any geophysics on it.

MR. LAMOREAUX: Do you feel that on the basis of the information that you've got that the trend is a northwest-southeast?

MR. HOLLINGSWORTH: This particular feature, yes.

MR. LAMOREAUX: All right, I have no further questions. Does any of the staff?

CHMN. COOK: Any further questions? Richard Raymond.

MR. RAYMOND: I was curious if that was a primary or a secondary dolomite?

MR. HOLLINGSWORTH: Primary or secondary? It would be primary, I believe.

CHMN. COOK: Any further questions?

MR. LAMOREAUX: We have no further questions.

CHMN. COOK: All right. Next witness.

MR. BROOKER: I would now call Mr. Horton. Mr. Horton, would you state your full name for the record please?

MR. HORTON: Charles Horton.

MR. BROOKER: Where do you live, sir?

MR. HORTON: Shreveport.

MR. BROOKER: And by whom are you employed?

MR. HORTON: Wheless Drilling Company.

MR. BROOKER: Have you ever testified before this Board before today?

MR. HORTON: No, I have not.

MR. BROOKER: All right, sir, would you state for the Board your qualifications and background in the oil and gas industry?

MR. HORTON: I graduated from LSU in 1950 with a BS in Petroleum Engineering. For the past 18 years, I have been employed by Wheless Drilling Company in Shreveport as a production engineer.

MR. BROOKER: All right, sir. Are there any questions?

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

MR. LAMOREAUX: No further questions.

CHMN. COOK: The Board accepts the gentleman's qualifications.

CHARLES HORTON

Appearing as a witness on behalf of Wheless Industries, Inc., and Jack E. Stack, Jr.,
having first been duly sworn, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Brooker:

Q Now have you been the engineer for Wheless Industries and Jack Stack, Jr.,
in connection with the C-1 Alger Sullivan well?

A I have.

Q Did you perform the completion of the well from the engineer's point of
view?

A Yes, I did.

Q Have you the results of the tests that were made on that well?

A Yes, I do.

Q All right, sir, would you explain for the Board the tests that were
performed and the results that were obtained as a result of that testing?

A On Exhibit D, it shows perforation interval of 13,430 to 13,476. From
these perforations, initial flow was 523 barrels of sweet oil per day,
740 MCF gas per day on a 12/64-inch choke, flowing tubing pressure
of 1985, gas-oil ratio of 1415 to 1 with a gravity of 48.6.

Q Now you are aware of the petition which requests 160-acre spacing and
the allowable be set by this Board, are you not?

A Yes, sir.

Q Would you explain for the Board the reasoning why Wheless is asking for 160-acre spacing on this proposed unit?

A Well, in my opinion, this well will drain 160 acres or more.

Q In your opinion, based on your present knowledge of the characteristics of the Smackover Oil Pool in this well, will wells located on 160-acre spacing in the proposed Barnett Field efficiently drain and produce and economically recover the recoverable hydrocarbons from the proposed field and unit without avoidable waste and encourage and promote the full development of the Smackover Oil Pool of the proposed Barnett Field by progressive drilling of other wells and safeguard and protect and enforce the coequal and correlative rights of all owners in said common pool so that each owner will recover his just and equitable share of the production therefrom?

A Yes, it will.

CHMN. COOK: What is your allowable request?

MR. BROOKER: 400 barrels. And that was my next question. In your opinion, will the Wheless Industries, Jack E. Stack well in Section 35, Township 4 North, Range 7 East, efficiently and economically produce 400 barrels per day without creating unavoidable waste and protect and enforce the correlative rights

of all co-owners in the field?

A Yes, it will.

MR. BROOKER: We would ask that Exhibit C and D be admitted into evidence.

CHMN. COOK: All right, did we receive your other exhibits into evidence?

MR. BROOKER: A and B we did, yes, sir.

CHMN. COOK: And C and D you now request the Board to receive into evidence relative to these petitions?

MR. BROOKER: Yes, sir.

CHMN. COOK: Any objections to that request? Hearing none, the two exhibits will be received for that purpose.

(Whereupon, Exhibits C and D were
received in evidence to the testimony
of J. C. Hollingsworth and Charles Horton)

CHMN. COOK: Any questions of this gentleman here?

MR. JOINER: We may have some.

MR. LAMOREAUX: We may have some in just a moment.

MR. BROOKER: If I might--I don't know whether it's really proper for me to make a statement. Earlier you said something about the emergency. That perhaps we hadn't gone into it deep enough.

CHMN. COOK: No, I didn't say you hadn't gone into it deep enough. I said that that's what you want to establish in an emergency petition.

MR. BROOKER: The other thing that I heard this morning that was somewhat disconcerting to me is that perhaps there is not going to be a July meeting of this Board.

CHMN. COOK: Well, you know, that's --Lawyer, you know how rumors are. You get them in the men's room. We haven't even been in the men's room yet, and we did in fact set our next meeting date in July.

(Laughter from audience)

CHMN. COOK: And that's July 17, is it there? July 17 is our next meeting.

MR. LAMOREAUX: At 10 o'clock at Tuscaloosa here at the Oil and Gas Board. I don't know how the rumor started that we weren't going to have a meeting in July.

CHMN. COOK: It was probably because we didn't have the idea. Proceed, sir. Does that conclude your testimony?

MR. LAMOREAUX: Now we have some questions we would like to ask.

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

EXAMINATION BY BOARD OR STAFF

MR. JOINER: Mr. Horton, we have received from your company a core analysis results and we have also received on our forms your first production and

retest report, and I was wondering if you had copies of these that you could introduce and make them part of the record of this meeting?

MR. HORTON: I have a copy of...

MR. SARTOR: You mean single copies that we can introduce...

MR. HORTON: I don't have the core analysis.

MR. JOINER: We have a copy you can introduce to make it part of the record today. We would like to have that done.

MR. SARTOR: Would you also like for us to introduce that analysis of the gas?

MR. LAMOREAUX: Yes, sir, we believe that you should at this time introduce these records as part of the permanent record on this petition.

MR. HOLLINGSWORTH: Mr. Joiner, are you referring to the C-1 well-- I believe that's what we gave you.

MR. BROOKER: Does this have the test results from the gas?

MR. HORTON: No, we...

MR. BROOKER: I would ask that Exhibit E...

MR. LAMOREAUX: If you would, introduce them, indentify them separately, and then if you need copies for your files, we will be glad to make them for you, but they should be a part of the record.

MR. JOINER: Also, Mr. Horton, you realize that really the test data and the amount of production you have at this point is minimal as far as making any

permanent decision as far as spacing is concerned or allowable is concerned, and I think the Board in their decision will specify that anything that's approved today will be temporary in nature both in allowable and spacing to be reconsidered at a set time or within a very definite time frame. If production history indicates that in three months we need to have you back in and consider allowable and spacing, why then we would call you. I don't believe that we should go beyond six months without scheduling a review of your production and a review of the allowable and the spacing. At this time you have your initial testing indicating 523 barrels per day potential. You have requested 400 barrels per day allowable. Obviously, you feel that you can produce this well now at this rate without doing damage to the reservoir. What will you have as a checkpoint or monitoring procedure to determine in the very near future if this allowable is in fact too much and we need to reduce it? The procedure on your own. You will be watching your own production procedure. Now do you have something built in?

MR. HORTON: Well, if this allowable is too great, we will cut it back ourself, and we plan on testing the well next week with a bottom hole pressure bomb to determine the shut-in and the flowing bottom hole pressure and a 48-hour bottom hole pressure. And then in a month or so we will also run another shut-in bottom hole pressure.

MR. JOINER: All right. In a month or so.

MR. HORTON: Not over two months.

MR. JOINER: All right, so you will then conduct another bottom hole pressure test within a two-month period. We will then schedule this as a checkpoint. We'd like to get those results...

CHMN. COOK: Let's discuss the allowable informally for a minute. There is some sentiment that your allowable might be a little high. In your field rules, that's what you have is 400 barrels?

MR. BROOKER: Yes, sir.

CHMN. COOK: And you are going to make immediate test to...

MR. HORTON: Yes, sir.

CHMN. COOK: Then why, if the Board sees fit to grant these emergency orders, then upon hearing the request to make them permanent that we at that time get a report on the testing to see whether the allowable is high or low. Otherwise he would have to amend his request today.

MR. LAMOREAUX: This is what we want to be assured of in this early stage of development of this field...

CHMN. COOK: Well, so what we are suggesting then on the record is that you give us the benefit of your testing before our next meeting and...

DR. ADAMS: At the time he asks for us to make this permanent.

CHMN. COOK: Right. That would justify your present allowables or amend them to a different allowable.

MR. BROOKER: That's fine.

CHMN. COOK: Is that agreeable to you, gentlemen?

MR. SARTOR: That's agreeable but this second bottom hole pressure, I doubt if we would be able to have that performed prior to July 17 because the production period between now and July 17 is relatively short. It would perhaps not give us the type of data we need. Now we will have the initial bottom hole pressure followed by the shut-in pressure run after a short testing period which Tenneco has agreed to take and integrate into their system and give us some estimates.

CHMN. COOK: Well, you can furnish the staff with any data that you think would tend to justify your request.

MR. SARTOR: Yes, sir, I didn't want Mr. Joiner to understand that we had agreed to run this second test prior to the 17th. We might could do it but we wouldn't have a sufficient testing period to get the data that we want...

CHMN. COOK: In the interim, just by discussion itself, the staff and your operation might determine another allowable would be better.

MR. JOINER: Mr. Chairman, I think as far as any information to make their emergency order permanent is concerned that we can talk with them and satisfy ourselves prior to the next meeting. I do think though that into the field rules we need to build in this review of their allowable at at least a six-month period and we will be monitoring it within that time frame. We will be monitoring

the production within that time frame.

CHMN. COOK: Well, you've made this statement already for the record.

MR. JOINER: Yes, sir.

CHMN. COOK: Without any objection from the Petitioners so I would assume that that is an agreement. What I'm saying to you is that if the consensus of your staff is 300 barrels a day is all that should be removed from that reservoir, then they would have to amend their petition...

MR. LAMOREAUX: I think perhaps it would be best to proceed with the 400 barrel allowable and ask that our staff keep close control over this phase of development of the field. Stay in close communication. I think that will be sufficient until this second series of tests can be run.

CHMN. COOK: I think that's fair and well stated. Anybody disagree?
(No response)

MR. LAMOREAUX: With that understanding, then we have no further questions.

MR. BROOKER: If I may enter these additional exhibits?

CHMN. COOK: Yes, you may.

MR. BROOKER: Exhibit E which are core analysis results. I will ask that it be marked for identification and admitted into evidence.

CHMN. COOK: How many exhibits have you? You're filing them to complete your...

MR. BROOKER: Right. Exhibit F, which is a log from Oil Well Logging Company; Exhibit G, which is an analysis from Southern Petroleum Laboratories; H, which is the report prepared by Central Equipment Rentals and witnessed by Mr. Horton; Exhibit H, which is the first production or retest report on the State Oil and Gas Board form; Exhibit I, which is also first production or retest report prepared by Central Equipment Rentals, witnessed by Mr. Horton, on your Oil and Gas Board form; Exhibit G, which is a completion report on the Oil and Gas Board form. Did I say "G"?

MR. FREEMAN: The last one was "I".

MR. BROOKER: This is J, which is the completion report prepared by the Petitioners and submitted to the Board on their form, and with that we would rest.

CHMN. COOK: What was your last exhibit marked?

MR. BROOKER: J.

CHMN. COOK: The gentleman has requested that Exhibits E through J be marked for identification and received into evidence. Is there any objection to that request? Hearing none, the exhibits will be so marked and so received.

(Whereupon, Exhibits E through J
as introduced by Mr. Brooker
were marked for identification and
received in evidence)

CHMN. COOK: Any questions of the Petitioner? Anyone in the audience wish to speak to these petitions? Richard?

MR. RAYMOND: I have one question, Mr. Chairman. Referring back to Exhibit B, Mr. Hollingsworth, I was wondering if you had any evidence at this time of oil-water contact in the field?

MR. HOLLINGSWORTH: There is evidence of one. We don't know exactly where it is because of the tight lack of porosity in the C-2 well. There is, in the base of it, there is water by core analysis, but where the interval is, because of the tightness of it, we can't place it with any accuracy at this time. There is oil by core analysis in the top part of the C-2 well.

CHMN. COOK: Any further questions, Mr. Raymond? Mr. Joiner.

MR. JOINER: Mr. Chairman, there is one thing I need to clear up in the record. I believe, Mr. Sartor, earlier you mentioned that the June 8 test was witnessed by a State Oil and Gas Board representative. I've been advised that we were notified of the test but we did not witness it.

MR. SARTOR: All right. I stand corrected.

CHMN. COOK: Any further questions or comment on these petitions? Does the staff have a recommendation?

MR. LAMOREAUX: We recommend that the Board take positive action on these petitions at this time.

CHMN. COOK: You have heard the testimony and the recommendation, with no further comment then, what's the wishes of the Board on--now, Counselor, can we act on petitions 6 through 9 at the same time?

MR. FREEMAN: Yes, sir, if your ruling was the same on all of them.

CHMN. COOK: Well, I only asked you if we could act.

MR. FREEMAN: You could not of course if you had separate...

CHMN. COOK: Now, Counselor, I'll tell you, let's just leave that one alone.

(Laughter from audience)

DR. ADAMS: Mr. Chairman.

CHMN. COOK: Dr. Adams.

DR. ADAMS: I move that the petitions contained in Items 6, 7, 8, and 9 be approved.

DR. MATHEWS: I second it.

CHMN. COOK: It's been moved and seconded that the petitions contained in Items 6, 7, 8, and 9 be approved. Those in favor say "aye"--opposed "no."

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the petitions are granted. Thank you, gentlemen.

MR. BROOKER: Thank you so very much.

MR. LAMOREAUX: Mr. Chairman.

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

MR. LAMOREAUX: Item 10 is the approval of minutes of January 15, 1975, and February 24, 1975. These minutes have been reviewed by the staff with minor corrections, and they are in order and we recommend them to you for approval.

CHMN. COOK: Is there a motion to approve the minutes? I move that the minutes of January and February of this year be approved.

DR. ADAMS: Those in favor say "aye"--opposed "no."

(Dr. Mathews did not vote)

CHMN. COOK: "Ayes" have it and the minutes are approved. Any further business? Dr. Adams.

DR. ADAMS: Mr. Chairman, as the Board was advised, this is in reference to the Mobil Oil matter, the Board was advised in May of the Corps of Engineers' schedule for completion of an Environmental Impact Statement and the schedule for hearings related to Mobil's application to drill in Mobile Bay, I move that the State Oil and Gas Board take advantage of the hearings of the Corps and seek to inject the state's presence in these federal proceedings by asking to be represented in all hearings connected with this matter. This will insure that the Board will have the benefit of information contained in the Environmental Impact Statement and information from the hearings.

DR. MATHEWS: I second the motion.

CHMN. COOK: You've heard the motion and the second. Any discussion on this motion? Hearing none, those in favor say "aye"--opposed "no."

(All Board members voted "aye")

CHMN. COOK: "Ayes" have it and the motion is adopted. Any further business, Mr. Supervisor?

MR. LAMOREAUX: Mr. Chairman, we have no further business.

CHMN. COOK: Well, we don't have to have a motion to adjourn do we? We always do that by acclamation. We stand adjourned. Thank you for your attendance.

(Whereupon, at 11:19 A.M., the Regular Session of the Hearing was adjourned)

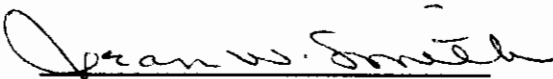
REPORTER'S CERTIFICATE

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, June 20, 1975, 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 58 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