

Approved by  
Board 4-8-77  
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# EXHIBITS

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STATE OIL AND GAS BOARD OF ALABAMA

November 18, 1976

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 18th day of November,  
1976.

BEFORE:

BOARD MEMBERS

Dr. Ralph Adams..... Chairman  
Mr. Gaines C. McCorquodale.....Associate Member

BOARD STAFF

Mr. Thomas J. Joiner.....Acting Secretary & Supervisor  
Mr. Kendall Hanby..... Assistant Supervisor  
Mr. Richard Raymond..... Petroleum Engineer  
Mr. David Turner..... District Geologist  
Mr. Jay Masingill..... Geologist  
Mr. Alan Cockrell.....Geologist  
Mr. Charles Freeman.....Attorney  
Mr. James Griggs..... Attorney

(Reported by Jean W. Smith)

APPEARANCES

	NAME	REPRESENTING
1.	Jim Hart Brewton, Alabama	John Douglas, Loper, McMillan, Brown Foundation, Steely, et al
2.	Ron Avery	Alabama Gas Corporation
3.	Duncan Hamilton	Alabama Gas Corporation
4.	Ed Voisinnet	Union Oil Company
5.	Roy Wood	Terra Resources, Inc.
6.	Rae M. Crowe	Union Oil Company
7.	Ed Sale	Terra Resources, Inc.
8.	W. E. Sistrunk Fort Worth, Texas	Self
9.	Fulton J. Olivier	Exxon
10.	Stephen V. Hammond	Exxon
11.	Barry L. Noble	Exxon
12.	James R. King	Exxon
13.	Ted Meade	Getty
14.	Ralph Armstrong	Getty
15.	Alan Hornbeak	Enserch
16.	Marcus J. Byrd	Enserch
17.	T. A. Siwula	Enserch
18.	Richmond J. Pearson	Chappell Estate
19.	Dewitt Reams	Getty

APPEARANCES

NAME	REPRESENTING
20. Edward Jones	Belden & Blake
21. Louis C. Duplain	Belden & Blake
22. Joe Vitale	Belden & Blake
23. John Adams, Sr.	Belden & Blake
24. J. B. Dunn	Petroleum Consultant
25. Jimmie L. Bush	Not listed

## PROCEEDINGS

(The hearing was convened at 10 A.M., Thursday, November 18, 1976, at Tuscaloosa, Alabama)

CHMN. ADAMS: Will the Board come to order? Mr. Joiner, has this meeting been properly advertised?

MR. JOINER: Mr. Chairman, the meeting has been properly advertised. I will transmit a copy of the notice and advertisement to the recorder.

### NOTICE OF MEETING

"The State Oil and Gas Board will hold its regular monthly meeting on Thursday, November 18, 1976, at 10 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:

"1. DOCKET NO. 10-15-762

Continued petition by Continental Oil Company, a foreign corporation authorized to do and doing business in the State of Alabama, seeking an order of the Board force integrating lands and interests in Section 3, Township 1 South, Range 3 West, Mobile County, Alabama, into and establishing them as a gas drilling unit; approving the location of a gas well thereon and issuing and approving a permit for the drilling of a well thereon; requiring all the other owners or claimants of royalty, mineral, leasehold and all other oil and gas interests within said gas drilling unit to integrate

their interests and to develop their lands as a drilling unit; and designating and approving Petitioner as the operator of the gas and gas condensate well to be drilled within said drilling unit, said unit containing 640 acres, more or less.

"2. DOCKET NO. 10-15-763

Continued petition by Union Oil Company of California, a foreign corporation authorized to do and doing business in the State of Alabama, seeking an order of the Board force integrating lands and interests in Section 19, Township 1 South, Range 2 West, Chunchula Field, Mobile County, Alabama, into and establishing them as a gas drilling unit, approving the location of a gas well thereon and issuing and approving a permit for the drilling of a well thereon, requiring all the other owners or claimants of royalty, mineral, leasehold and all other oil and gas interests within said gas drilling unit to integrate their interests and to develop their lands as a drilling unit, and designating and approving Petitioner as the operator of the gas and gas condensate well to be drilled within said drilling unit.

"Subsequent to the filing of the foregoing petition, Petitioner filed its petition bearing Docket No. 11-18-764 requesting an emergency order granting the relief requested by Petitioner in petition bearing Docket No. 10-15-763. In response to the said request for emergency

the Board granted Emergency Order No. E-76-114 on October 20, 1976, granting the requested relief.

"3. DOCKET NO. 10-15-764

Continued petition by Union Oil Company of California, a foreign corporation authorized to do and doing business in the State of Alabama, seeking an order of the Board force integrating lands and interests in Section 26, Township 1 South, Range 2 West, Churchula Field, Mobile County, Alabama, into and establishing them as a gas drilling unit, approving the location of a gas well thereon and issuing and approving a permit for the drilling of a well thereon, requiring all the other owners or claimants of royalty, mineral, leasehold and all other oil and gas interests within said gas drilling unit to integrate their interests and to develop their lands as a drilling unit, and designating and approving Petitioner as the operator of the gas and gas condensate well to be drilled within said drilling unit.

"4. DOCKET NO. 10-15-765

Continued petition by Midroc Oil Company, a partnership composed of Donald L. Clark, James B. Harris, William R. Guffey, Russell Guffey, and Ed Paromore, requesting the Board to establish and adopt Special Field Rules for an oil field, which has not yet been named, which produces from the Smackover Formation and which

is in Choctaw County, Alabama, and Petitioner suggests that the said field be named the 'Wimberly Field' or such other name as the State Oil and Gas Board may deem appropriate. The said field, as used herein in reference to the Smackover Oil Pool, is alleged to be that area consisting of the following described lands in Choctaw County, Alabama, to wit: E 3/4 of NE/4; N/2 of NE/4 of SE/4 and NE/4 of NW/4 of SE/4 of Section 25, Township 11 North, Range 3 West, and the W 3/4 of NW/4, N/2 of NW/4 of SW/4 and the NW/4 of NE/4 of SW/4 of Section 30, Township 11 North, Range 2 West, all of which is alleged to be underlain by the Smackover Oil Pool, and all productive extensions thereof. The said Smackover Oil Pool in said field is defined as those strata of the Smackover Formation productive of hydrocarbons in the interval between 11,250 feet to 11,335 feet in the Midroc Oil Company - H. Vaughan Watkins, Jr., No. 1 Bolinger Unit 25-9 well located 2,620 feet from the South line and 990 feet from the East line of Section 25, Township 11 North, Range 3 West, Choctaw County, Alabama, as indicated by the logs of said wells, and including those strata which can be correlated therewith. Said pool is alleged to constitute a separate and distinct oil producing pool in said field, separate and distinct from all other pools in said field, and the said Special Field Rules propose the spacing of wells on drilling units containing approximately 120



contiguous surface acres upon which no other drilling or producible well is to be located in the said Smackover Oil Pool. Petitioner requests that such units be allowed to produce at the rate of 300 barrels of oil per day.

"In consideration of this petition, the Board, at this hearing, may adopt Special Field Rules relating to all or part of the above-described tracts.

"Additionally, portions of the following described lands may be considered by the Board for inclusion within the proposed field: N 3/4 of E/2 of Section 25, Township 11 North, Range 3 West, and N 3/4 of Section 30, Township 11 North, Range 2 West, and all productive extensions thereof, all in Choctaw County, Alabama.

"The Board may promulgate Special Field Rules which may establish drilling and production units of an area and configuration different than that for which the Petitioner has applied and which may have the effect of including or excluding portions of the above-described lands and may establish units of greater or lesser size than the petitioned for drilling units. The Board may also consider adopting an allowable production rate for such units of other than 300 barrels of oil per day.

"5. DOCKET NO. 10-15-766

Continued petition by Midroc Oil Company, a partnership composed

of Donald L. Clark, James B. Harris, William R. Guffey, Roy Guffey, Russell Guffey, and Ed Paromore, requesting the Board to reform a drilling unit in an unnamed field in Choctaw County, Alabama, in the Smackover Formation, being described as the Midroc Oil Company - H. Vaughan Watkins, Jr., No. 1 Chappell Unit 30-5 well located in and including the N/2 of NW/4 of SW/4 and the S/2 of SW/4 of NW/4 of Section 30, Township 11 North, Range 2 West, Choctaw County, Alabama, which Petitioner is currently drilling and expects to complete as a producer from the Smackover Formation and Petitioner alleges that subsequent to the formation of the said unit, certain geological data revealed evidence warranting the reformation of the aforesaid drilling unit and Petitioner requests that the said drilling unit be reformed to consist of the N/2 of NW/4 of SW/4, SW/4 of NW/4, S/2 of NW/4 of NW/4, SW/4 of NE/4 of NW/4, W/2 of SE/4 of NW/4 and NW/4 of NE/4 of SW/4 of Section 30, Township 11 North, Range 2 West, in the Smackover Formation, Choctaw County, Alabama.

"In consideration of this petition, the Board, at this hearing may consider portions of the following described lands for inclusion within the aforesaid unit: N 3/4 of West Half of Section 30, Township 11 North, Range 2 West, Choctaw County, Alabama, and the

Board may consider the establishment of a drilling and production unit of an area and configuration different than that for which the Petitioner has applied and which may have the effect of including or excluding portions of the above-described lands and establish a unit of greater or lesser size than the petitioned for drilling unit, as reformed.

"6. DOCKET NO. 10-15-767

Continued petition by Midroc Oil Company, a partnership composed of Donald L. Clark, James B. Harris, William R. Guffey, Roy Guffey, Russell Guffey, and Ed Paramore, requesting the Board to reform a drilling unit in an unnamed field in Choctaw County, Alabama, in the Smackover Formation, being described as Midroc Oil Company - H. Vaughan Watkins, Jr., No. 1 Bolinger Unit 25-9 well located in and including the N/2 of NE/4 of SE/4 and the S/2 of SE/4 of NE/4 of Section 25, Township 11 North, Range 3 West, Choctaw County, Alabama, the said well having been drilled and completed as an oil well in the said Smackover Formation and Petitioner alleges that subsequent to the formation of the said unit, certain geological data revealed evidence warranting the reformation of the aforesaid drilling unit and Petitioner requests that the said drilling unit be reformed to consist of the N/2 of the NE/4 of SE/4, SE/4 of NE/4, S/2 of NE/4 of NE/4, SE/4 of NW/4 of NE/4, E/2 of SW/4 of NE/4

and NE/4 of NW/4 of SE/4 of Section 25, Township 11 North, Range 3 West, in the Smackover Formation, Choctaw County, Alabama.

"Subsequent to the filing of petition bearing Docket No. 10-15-767, Petitioner filed petition bearing Docket No. 10-15-7615 requesting an emergency order granting a temporary allowable of 300 barrels of oil per day until the next regularly scheduled meeting of the Board for the aforesaid Midroc Oil Company-H. Vaughan Watkins, Jr. No. 1 Bolinger Unit 25-9 well, as presently formed.

"In consideration of this petition, the Board, at this hearing may consider portions of the following described lands for inclusion within the aforesaid unit: N 3/4 of East Half of Section 25, Township 11 North, Range 3 West, in Choctaw County, Alabama, and the Board may consider the establishment of a drilling and production unit of an area and configuration different than that for which the Petitioner has applied and which may have the effect of including or excluding portions of the above-described lands and establish a unit of greater or lesser size than the petitioned for drilling unit, as reformed.

"7. DOCKET NO. 10-15-7611

Continued motion by the State Oil and Gas Board to make permanent its heretofore promulgated Emergency Order No. E-76-108, said

order having been promulgated by the Board on September 22, 1976, and Order No. E-76-117, said order having been promulgated by the Board on October 29, 1976, the said Order No. E-76-117 having the effect of extending the relief granted by the said Order No. E-76-108, said orders establishing and adopting Special Field Rules for an oil field to be known as the West Barrytown Field, adopting the Special Field Rules designated as Exhibit A attached to petition bearing Docket No. 8-13-764, as amended, heretofore submitted by Harkins & Company, a corporation, with the following changes: (1) In Rule 3-A, the spacing of 120 acres was changed to 130 acres, (2) in Rule 3-B, the 1,000 foot distance from every other well was changed to 1,200 feet from every other well, and (3) Rule 4 was amended so that in cementing surface casing the cement is required to be circulated to the surface independent of the number of sacks of cement required; additionally, the said field was described in said order in reference to the Smackover Oil Pool, to be that area consisting of the following described lands in Choctaw County, Alabama, to wit: E/2 of NE/4 of Section 9 and NW/4 and W/2 of NE/4 of Section 10, Township 10 North, Range 3 West, all of which was found to be underlain by the Smackover Oil Pool, and all productive extensions thereof.

"8. DOCKET NO. 10-15-7612

Continued motion by the State Oil and Gas Board to make permanent its heretofore promulgated Emergency Order No. E-76-109, promulgated by the Board on September 22, 1976, and Order No. E-76-118, said order having been promulgated by the Board on October 29, 1976, the said Order No. E-76-118 having the effect of extending the relief granted by the said Order No. E-76-109, reforming the Harkins & Company No. 1 Abston 10-5 well so as to form a new unit containing approximately 130 acres consisting of:

The West Half of the NW/4 of Section 10,  
and the NE/4 of the NE/4 and the N/4 of  
the SE/4 of the NE/4 of Section 9, Township  
10 North, Range 3 West, in the West Barrytown  
Field, Choctaw County, Alabama, in the Smack-  
over Formation.

and said order further force integrated and force pooled all the lands and interests within the reformed unit described as aforesaid.

"9. DOCKET NO. 10-15-7613

Continued motion by the State Oil and Gas Board to make permanent its heretofore promulgated Emergency Order No. E-76-110, promulgated by the Board on September 22, 1976, and Emergency Order No. E-76-119, said order having been promulgated by the Board on October 29, 1976, the said Order No. E-76-119 having the effect of extending the relief granted by the said Order No. E-76-110,

reforming the Harkins & Company No. 1 Abston 10-6 well  
so as to form a new unit containing approximately 130 acres  
consisting of:

The E/2 of NW/4 of Section 10 and the W 7/8  
of the SW/4 of the NE/4 of Section 10, and the  
SW/4 of the NW/4 of the NE/4 of Section 10 and  
the W/2 of the SE/4 of the NW/4 of the NE/4 of  
Section 10, Township 10 North, Range 3 West, in  
the West Barrytown Field, Choctaw County, Alabama,  
in the Smackover Formation.

and said order further force integrated and force pooled all the  
lands and interests within the reformed unit described as aforesaid.

"10. DOCKET NO. 10-15-761

Petition by Exxon Corporation, a New Jersey corporation, authorized  
to do and doing business in the State of Alabama, requesting an order  
by the Board reforming the Gross Turner Unit No. 14-7, located  
in Section 11, Township 10 North, Range 2 West, Clarke County,  
Alabama, to include additional lands specifically described as  
follows:

The South 10 acres of the N/2 of the SW/4  
of the SE/4 of Section 11 and the North 10  
acres of the S/2 of the NW/4 of the SE/4  
of Section 14, all in Township 10 North,  
Range 2 West, Clarke County, Alabama;

and Petitioner further requesting an order reforming the Gross  
Turner Unit No. 14-8, located in Section 14, Township 10 North,  
Range 2 West, Clarke County, Alabama, to include additional lands

specifically described as follows:

The South 20 acres of the NE/4 of the SE/4  
of Section 14, Township 10 North, Range 2  
West, Clarke County, Alabama;

and Petitioner requests that the aforesaid existing wells on  
said units be designated as the unit wells for the reformed  
units and the existing unit operator for said units be designated  
as the unit operator for the said reformed units and that the  
allowables for said units be increased from 350 to 400 barrels  
of oil per day, said reformed units to become effective when  
such new allowables become effective. Such units, when reformed,  
would constitute units containing approximately 140 acres. The  
said Gross Turner Unit No. 14-7, as presently formed, is located  
in W/2 of NE/4 and N/2 of NW/4 of SE/4 of Section 14 and S/2 of  
SW/4 of SE/4 of Section 11, all in Township 10 North, Range 2 West,  
Clarke County, Alabama, in the Womack Hill Field, and the said  
Gross Turner Unit No. 14-8, as presently formed, is located in the  
E/2 of NE/4 and N/2 of NE/4 of SE/4 of Section 14, and S/2 of SE/4  
of SE/4 of Section 11, Township 10 North, Range 2 West, Clarke  
County, Alabama, in the Womack Hill Field. This matter has been  
previously advertised in accordance with the Special Field Rules for  
the Womack Hill Field pertaining to allowables.



"11. DOCKET NO. 11-18-761

Petition by Belden & Blake Corporation requesting the Board to enter an order approving and accepting a new grid system proposed by the Petitioner and that future permits in the area within such grid be issued as based thereon, Petitioner alleging that Petitioner has acquired ownership of certain oil, gas and mineral leases embracing or purporting to embrace all of Section 3, and all of that portion of Section 2 which lies in Clarke County, Alabama, west of the Alabama River, in Township 3 North, Range 2 East, said grid system proposing a method of subdivision under which 20 drilling units would be established in each section, each unit consisting of approximately 40 acres, Petitioner alleging that an original government plat created oversized sections. Petitioner alleges that its ownership interests in the aforesaid sections is limited to the oil, gas and minerals which lie within 7,000 feet of the surface; therefore, Petitioner requests that the proposed new grid system be limited in its operation and effect to a depth of 7,000 feet and be applicable to such depth but not below.

"12. DOCKET NO. 11-18-762

Petition by Belden & Blake Company, Ltd. Partnership No. 1-B, requesting an order by the Board reforming Belden & Blake Unit

3-10, Well No. 1, an oil well located in Section 3, Township 3 North, Range 2 East, Clarke County, Alabama, containing approximately 45.09 acres so that said unit, after being reformed as requested by Petitioner, would consist of a rectangle measuring 1,321.68 feet East and West and 1,308.16 feet North and South, the Southeast corner of said rectangle being 1,321.68 feet West and 1,308.16 feet North of the SE corner of said Section 3, in South Carlton Field.

"13. DOCKET NO. 11-18-763

Petition by Belden & Blake Company, Ltd. Partnership No. 2-B requesting an order of the Board to reform the Belden & Blake Unit 3-2, Well No. 1, an oil well located in Section 3, Township 3 North, Range 2 East, Clarke County, Alabama, so that the same, when reformed, shall consist of a rectangle measuring 1,321.68 feet East and West and 1,308.16 feet North and South, the SE corner of said rectangle being located at 1,321.68 feet West and 3,924.48 feet North of the SE corner of said Section 3, in South Carlton Field.

"14. DOCKET NO. 11-18-767

Petition by Getty Oil Company, a Delaware corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order making permanent

Emergency Order No. E-76-116 permitting the sidetracking of Getty Oil Company's Creola Minerals 5-1 well No. 1 located in Section 5, Township 2 South, Range 1 West, Hatter's Pond Field, Mobile County, Alabama, and the bottoming of said well at a point 50 feet WEL and 50 feet SNL of said Section 5. The said Emergency Order No. E-76-116, which was promulgated on October 29, 1976, was preceded by Emergency Order No. E-76-111, which was promulgated by the Board on September 24, 1976, and granted the same relief as the said Emergency Order No. E-76-116, thus the said Emergency Order No. E-76-111 had the effect of extending the relief granted by the said Emergency Order No. E-76-116.

"15. DOCKET NO. 11-18-768

Petition by Cleary Petroleum Corporation, a Delaware corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order amending the Special Field Rules for the Fairview Field, Lamar County, Alabama, in the Carter Sand Gas Pool, so as to include as a productive extension thereof, the West Half of Section 9, Township 14 South, Range 14 West, Lamar County, Alabama, and to reform at an exceptional location Cleary's Ogden 9-5 well, located 2,150 feet SNL and 350 feet EWL of said Section 9, and to allow said

Ogden 9-5 gas well to produce in accordance with the allowable tolerances set forth in the Special Field Rules for the said Fairview Field.

"16. DOCKET NO. 11-18-7617

Petition by Exchange Oil & Gas Corporation, a foreign corporation authorized to do and doing business in the State of Alabama, seeking an order by the Board making permanent Emergency Order No. E-76-115 promulgated by the Board on October 20, 1976, in response to Petitioner's petition requesting such relief, bearing Docket No. 11-18-765, said emergency order force integrating lands and interests in Section 4, Township 2 South, Range 2 West, Mobile County, Alabama, in the Chunchula Field, into and establishing them as a gas drilling unit; approving the location of a gas well thereon and issuing and approving a permit for the drilling of a well thereon; requiring all of the other owners or claimants of royalty, mineral, leasehold, and all other oil and gas interests within said drilling unit to integrate their interests and to develop their lands as a drilling unit; and designating and approving Petitioner as the operator of the gas and gas condensate well to be drilled within said drilling unit.

"17. DOCKET NO. 8-13-761

Continued petition by Sun Oil Company, 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 increasing the permanent daily allowable for oil production from the Smackover Oil Pool in the Barrytown Field, Choctaw County, Alabama, from 2.0 barrels per acre per unit to 3.5 barrels per acre per unit.

"18. DOCKET NO. 11-18-7613

Petition by Marion 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 making permanent Emergency Order E-76-120, dated October 29, 1976, said emergency order force pooling interests and tracts in the NW/4 of NE/4, Section 19, Township 2 North, Range 2 West, in the Citronelle Field, Mobile County, Alabama, requiring all other owners, or claimants of royalty, mineral, leasehold and all other oil and gas interests to integrate and pool their interests and to develop their lands as a drilling unit, and designating and approving Petitioner as the Operator of said unit.

"19. DOCKET NO. 11-18-7614

Petition by Warrior Drilling and Engineering Co., Inc., a domestic corporation, and Enserch Exploration, Inc., 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 the Special Field Rules for the West Fayette

Field, Fayette County, Alabama, by enlarging the field limits so as to include the following described areas and zones:

Sections 19, 20, 21, 22, 23, 24, 25, 26  
27, 28, 29, 30, 31, 32, 33, 34, 35, and  
36, all in Township 15 South, Range 13  
West; Sections 1, 2, 3, 4, 5, 6, 7, 8,  
9, 10, 11, and 12, all in Township 16  
South, Range 13 West, all in Fayette  
County, Alabama, and all productive  
extensions thereof of the Carter Gas  
Zone and the Lewis Gas Zone, being  
those zones productive of hydrocarbons  
between 2313 to 2508 subsea depths (Carter  
Gas Zone) and 2848 to 2908 subsea depths  
(Lewis Gas Zone) as encountered in Warrior  
Drilling and Engineering Co., Inc., No. 1  
Hollis-Collins Well, located in the NE/4 of  
the SW/4, Section 35, Township 15 South,  
Range 13 West, Fayette County, Alabama.  
(Underlined sections indicate that the section  
has been added to those originally included  
in the West Fayette Field)

'Further that the size of drilling units be changed from a governmental section containing approximately 640 contiguous acres to units containing 320 contiguous acres, and that allowances be established based on deliverability tests and the maximum efficient rate of production.

"20. DOCKET NO. 11-18-7615

Petition by Warrior Drilling and Engineering Co. Inc., a domestic corporation, and Enserch Exploration, Inc., a foreign corporation authorized to do and doing business within the State of Alabama, requesting the State Oil and Gas Board to reform the following described units in the West Fayette Field, Fayette County, Alabama, reducing said units from governmental sections containing approximately 640 contiguous acres to units containing approximately 320 contiguous acres, said units now existing and to be reformed as follows:

1. Permit No. 1703. Warrior Drilling and Engineering Co., Inc., No. 1 Hollis-Collins Gas Unit, located 660 feet S.W. of the N.E. corner of the NE/4 of SW/4, Section 35, Township 15 South, Range 13 West, Fayette County, Alabama, said unit as reformed to consist of the W/2 of Section 35, Township 15 South, Range 13 West, Fayette County, Alabama, containing approximately 320 contiguous acres.
2. Permit No. 1846. Warrior Drilling and Engineering Co., Inc., No. 1 Buckner Gas Unit, located in the center of the SW/4 of NE/4, Section 34, Township 15 South, Range 13 West, Fayette County, Alabama, said unit, as reformed, to consist of the E/2 of Section 34, Township

15 South, Range 13 West, Fayette County, Alabama, containing approximately 320 contiguous acres.

3. Permit No. 1922. Warrior Drilling and Engineering Co., Inc., No. 1 Harkins Gas Unit, located 1750 feet South and 1750 feet West of the NW corner, Section 4, Township 16 South, Range 13 West, Fayette County, Alabama, said unit, as reformed, to consist of the E/2 of Section 4, Township 16 South, Range 13 West, Fayette County, Alabama, containing approximately 320 contiguous acres.
4. Permit No. 1983. Warrior Drilling and Engineering Co., Inc., No. 1 Shackleford Gas Unit located in the center of the SW/4 of NE/4, Section 9, Township 16 South, Range 13 West, Fayette County, Alabama, said unit, as reformed to consist of the E/2 of Section 9, Township 16 South, Range 13 West, Fayette County, Alabama, containing approximately 320 contiguous acres.
5. Permit No. 1769. Warrior Drilling and Engineering Co., Inc., No. 1 Griffin Gas Unit, located 330 feet North and 330 feet West of the SE corner of the NE/4 of SW/4, Section 26, Township 15 South, Range 13 West, Fayette County, Alabama, said unit, as reformed, to consist of the S/2 of Section 26, Township 15 South, Range 13 West, Fayette County, Alabama, containing approximately 320 contiguous acres.
6. Permit No. 1999. Warrior Drilling and Engineering Co., Inc., No. 1 Hollis Gas Unit located 660 feet South of the North line and 330 feet West of the East line of SW/4 of NW/4, Section 29, Township 15 South, Range 13 West, Fayette County, Alabama, said unit, as reformed, to consist of the W/2 of Section 29, Township 15 South, Range 13 West, Fayette County, Alabama, containing approximately 320 contiguous acres.
7. Permit No. 2224. Warrior Drilling and Engineering Co., Inc., M. A. Swanson Gas Unit located 1740 feet from West line and 1930 feet from South line, Section 20, Township 15 South, Range 13 West, Fayette County,



Alabama, containing approximately 320  
contiguous acres.

"21. DOCKET NO. 11-18-7616

Petition by Lola Mae Johnson, et al, requesting the State Oil and Gas Board to enter an order amending the Special Field Rules for the Fanny Church Field, Escambia County, Alabama, particularly Rule 3, so as to change the spacing requirement from governmental quarter sections to units consisting of 160 contiguous acres and to grant exceptions where necessary concerning the minimum distance required from exterior boundaries of the unit, and to reform the Bush 25-3 Unit located in the SW/4 of Section 25, Township 1 North, Range 8 East, Escambia County, Alabama, and the Steely 36-2 Unit located in the NW/4 of Section 36, Township 1 North, Range 8 East, Escambia County, Alabama, so as to exclude unproductive lands and include productive lands based on technical data available and based on data to be presented to the Board.

"Petitioner suggests that the said Bush 25-3 Unit be reformed to consist of the S/2 of SW/4 of Section 25 and the N/2 of NW/4 of Section 36, and that the said Steely 36-2 Unit be reformed to consist of the S/2 of NW/4 and N/2 of SW/4 of Section 36, all in T1N, R8E, Escambia County, Alabama, or that the Board reform said

units into such other units, in said Sections 25 and 36, as may be meet and proper under law and from the evidence.

"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, 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.

"Thomas J. Joiner  
Acting Secretary to the Board  
Acting State Oil and Gas Supervisor"

MR. JOINER: Item No. 1, Docket No. 10-15-762, continued petition by Continental Oil Company. Mr. Chairman, we've had a request from Continental Oil Company for a dismissal. With the Board's approval, ~~this~~ item is dismissed.

CHMN. ADAMS: Any objection to dismissing Item 1? Anybody in the room?  
(No response) Do I hear a motion?

MR. MCCORQUODALE: I move that Item 1 be dismissed.

CHMN. ADAMS: I second the motion. All in favor say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it, so ordered.

MR. JOINER: Item No. 2, Docket No. 10-15-763, continued petition by Union Oil Company. Will the Petitioner please come forward?

MR. CROWE: Mr. Chairman, I'm Rae Crowe, representing Union Oil, and it's Mr. Voisinet, filling in for my law partner, Conrad Armbricht, who signed the petition. I'd like to suggest to the Board that the Item No. 3 is a related petition and with the Board's permission we'd like to handle both of those integration orders simultaneously, at the same time.

CHMN. ADAMS: Subject to objection of any member of the Board or anybody in the audience, the request is granted.

MR. CROWE: Would, Mr. Voisinet is a witness, should he be sworn?

MR. JOINER: Would you state your name for the record please?

MR. VOISINET: Ed Voisinet

(Witness was duly sworn by Mr. Joiner)

ED VOISINET

Appearing as a witness on behalf of Petitioner, Union Oil Company of California, having first been duly sworn, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Crowe:

Q State your full name please, Mr. Voisinet.

A Ed Voisinet.

Q And where are you employed?

A With Union Oil Company of California out of the Jackson district.

Q And you're a petroleum landman?

A Yes, sir.

Q And you have previously testified before this Board?

A Yes, I have.

MR. CROWE: We request the Board to accept Mr. Voisinet's qualifications as an expert witness.

Q Are you responsible, Mr. Voisinet, for the operations of Union Oil Company insofar as the lands are concerned in the Chunchula Field in Mobile, Alabama?

A Yes, I am.

Q Are Sections 19 and 26 of Township 1 South, Range 2 West, located within the Chunchula Field as defined by the rules and orders of this Board?

A Yes, sir, they are.

Q Are you familiar with the allegations of the petitions to force integrate Sections 19 and 26 that are on file with the Board?

A Yes, I am.

Q And are they true and correct?

A Yes.

Q Does Union Oil Company of California own or control a majority of the interest in those two units?

A Yes, we do.

Q Are there any parties or possible claimants known or unknown who claim or might claim to own any drilling or production rights in Sections 19 or 26 or any portion thereof with respect to two or more separately owned tracts in said sections who have not agreed to join with Union to integrate their interests and operate, drill, these deep test gas wells?

A Yes, there are.

Q Have you been issued a drilling permit by the Board to drill these wells?

A Yes, we have.

MR. CROWE: We have no further questions of Mr. Voisinet. Does the Board have any?

MR. JOINER: We have no questions.

CHMN. ADAMS: You have no questions? Anybody in the audience have any questions of this witness? (No response)

MR. MCCORQUODALE: Mr. Chairman, I move that the petitions be granted on Items 2 and 3.

CHMN. ADAMS: I second the motion. All in favor say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it, so ordered.

MR. CROWE: Thank you, sir.

MR. VOISINET: Thank you, Mr. Chairman.

MR. JOINER: Item No. 4, Docket No. 10-15-765, petition by Midroc Oil Company. Will the Petitioner please come forward?

MR. PEARSON: Mr. Joiner, members of the Board, I'm Richmond Pearson. I am an attorney in Chatom, Alabama, and I represent the H. A. Chappell Estate. Before we get into No. 4, I have a motion to make. I would like to move that the Docket No. 4, 5, and 6, which are all related and all in connection with Midroc Company's petition to establish a field in Choctaw County, be continued. I was retained by the members of the Chappell Estate on Friday of last week. I have contacted a geologist, Mr. Gustafson, in Waynesboro, Mississippi, and have employed him. However, he had to be out of the state today on previous commitments. I have given him what information I had and have just recently received additional information he will require. His statement to me on a preliminary investigation is that the proposed drilling units that they have proposed to have accepted by the Board should be changed, and I'd like to have the opportunity for the Chappell Estate, who are landowners and royalty owners in this field, to present expert testimony before this Board and respectfully request a continuance and I hope that I will be properly prepared to present their case.

MR. CHRISTOPHER: I'm John Christopher and I have been appearing before this Board for many years. I'm an attorney from Butler. I'm acting in my own behalf as a royalty owner under the proposed lands for the Bolinger Unit and also the proposed land for the Chappell Unit. And I'm also appearing on behalf of

Mrs. \_\_\_\_\_ (indistinct). It is my information, of course, the records of the Board show that the well in Section 25 has now been producing for approximately three months. Well, it is my opinion and the opinion of the people that I represent that if there is going to be any unitization in the field, it is time for it to take place. And we have no objection whatsoever to a just and fair allocation of the oil. We think that's what we're all here for and that's what the landowners deserve. But as the Board so well knows, at the present time, no one is participating in the royalties from these wells down there except the royalty owners under the particular quarter-quarter section that was used for the purpose of obtaining the permit to drill a well. And in the past there was a means, a fair and just means, informally, that they would keep these funds in escrow and then distribute them, justly and fairly, when the Board did act, but it is my understanding that now that is no longer possible for the Board. And as I see it, in order to prevent an unjust allocation of the royalty and when you say royalty, you mean money, there's not but one thing to do and that's for the Board to act or shut the wells down, and nobody wants to shut the wells down, and we all want the proper people to receive the pay for the oil that's coming from beneath our ownership. Now we think that the landowners, the operators, the Board, the lawyers, the experts, and everybody concerned has had plenty of time within three months to prepare themselves for this hearing. And in the alternative, should the Board not go ahead and hear the petition, we do want to ask for a special hearing because these people, including myself, are being damaged and there is no way to recover that damage that they are incurring daily so long as this unjust

allocation of the royalty money is taking place. And further, even if there is reason for continuing the hearing on the Chappell Unit, we see no reason whatsoever for continuing the hearing on the Bolinger Unit. Thank you.

MR. PEARSON: Mr. Chairman, if I may respond, it is my understanding that production on the Chappell well, which is designated 35, went into production the first of this month. It has been some 15 days into production. My people did not get the information as to what the actual proposed unit by Midroc was until last week and immediately retained me upon getting the information as to what they propose. I feel like that due to the short period of time that the well has been in production that a continuance would be in order, and I realize that the other well had been in production a little longer, but I believe, and in talking to Mr. Gustafson, he indicated that what affects one of those wells will affect the entire unit, and we ask that all three of these docket items be continued until the next Board meeting.

MR. CHRISTOPHER: Of course, we are all aware that should the Board act today based upon what information and data you have before you, and then this should occur to you later that perhaps it wasn't the best interest of all concerned, you seem to have the final authority and, of law, to change that and it has been done many times.

MR. FREEMAN: Mr. Chairman, I'd like to request that anyone who has testimony to give, if they'd come up closer, our recording system is not the best in the world, and I'm afraid we may not be picking up much further back than Mr. Christopher there.



CHMN. ADAMS: Would you come up a little closer to the Board? State your name.

MR. BURNS: I'm Henry Burns, a mineral owner in the area of the proposed units. Speaking on behalf of myself and my father who is in the audience, we have minerals offsetting the Bolinger Unit in Section 25. Our land line is less than 300 feet from the bottom of the hole of this well. And, of course, we're being drained. The well has been in production since around September 1. I'd estimate close to \$300,000 worth of oil has been produced and we're not participating in it. We also are mineral owners under the proposed well, unit, in Section 30. I realize that well hasn't been in as long and maybe there's justification for continuing that one, but I see no reason to continue the one in Section 25, with the bottom of the hole being as close as it is to our unit line, our property line. We would like to see you at least hear the petition on Section 25 if the Chappell Unit is continued, and we respectfully request that. Thank you.

CHMN. ADAMS: Does anybody else have a comment?

MR. UTSEY: I believe it was tomorrow ~~was~~ two weeks ago that a meeting occurred in, somewhere in Jackson, Dallas, or somewhere, where the companies involved finally came to a conclusion of what they would recommend to the Board on this. This information was given to me on the phone the following Tuesday. Letters were mailed out to various royalty owners, which I think they got either Wednesday or Thursday. Now, from our standpoint, the significance of this is that maps were redrawn and the recommendation that the oil companies, that Midroc

Oil Company was going to make substantially changed from what they were originally going to recommend and what they now recommend. I think Mr. Pearson was retained maybe on a Thursday a week ago. We do not think it unreasonable for the matter to be continued and we have no objection to it being continued; we would not like for it to be continued again after this hearing. But we do not think a continuance would be unreasonable.

CHMN. ADAMS: The Board will take a five-minute recess.

(The Board was in recess for approximately 5 minutes)

CHMN. ADAMS: Let the record reflect we're back in session.

MR. JOINER: All right.

CHMN. ADAMS: The Board will come to order.

MR. JOINER: Mr. Burns, Mr. Christopher, Mr. Pearson, and the Petitioner, I think everyone is aware of the fact that everytime a new field is discovered we have these problems of arriving at what equitable units are. Oftentimes, it takes longer than the Board would like, certainly sometimes it takes longer than landowners in the area would like, but in every case, the Board attempts to assign these units as equitably as possible, and in all instances, it takes good and deliberate study of the information presented. Now, in this particular situation the Board staff received late Friday the configuration of the geologic structures interpreted by the Petitioner. This must be given serious consideration. And it's my understanding that some landowners in the immediate area did not receive this information until the first part of this week. As soon as we got it, we responded

to all inquiries we had by sending a runner to put these exhibits in the mail so they could get into the hands of those interested. We've heard today that many of those interested did not receive the information in time to fully evaluate it, and as of today, the staff has not had ample opportunity to evaluate the geologic structure or the units proposed by the Petitioner. As a result, the recommendation of the staff to the Board is that we grant the continuance requested.

CHMN. ADAMS: Do I hear a motion?

MR. MCCORQUODALE: I move the matter be continued.

CHMN. ADAMS: I second the motion. All in favor say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: So ordered.

MR. CHRISTOPHER: Would you rule on my motion for a special meeting in order that we might attempt to alleviate these inequities?

CHMN. ADAMS: Do you have a special time? Do you have a time that you would like?

MR. CHRISTOPHER: Just as soon as, just as soon as possible.

CHMN. ADAMS: I'll ask our attorney to respond to that.

MR. FREEMAN: I'm sorry, sir, I didn't understand the question.

CHMN. ADAMS: This gentleman has requested a special meeting to hear evidence on this matter.

MR. FREEMAN: That would be...

MR. CHRISTOPHER: We, we appreciate the Board's position.

CHMN. ADAMS: Right.

MR. CHRISTOPHER: And really, I just, I was, matter of fact we think you can appreciate our motion and be sure the Board wants to act as quickly as possible.

CHMN. ADAMS: Right.

MR. FREEMAN: That would be within the discretion of the Board whether you wanted to have a special meeting or not.

CHMN. ADAMS: Would you put your motion in writing, and put it before the Board, and then we will rule on it?

MR. CHRISTOPHER: Well, the motion is before the Board, and I will reduce it to writing and file it, be glad to. Thank you.

MR. UTSEY: Gentlemen, I would, if you want to pick a special day other than a regular day, then I would like to have some input on that date inasmuch as we are presently engaged in our criminal term of court, and I will have a week of criminal court. If it's a regular day, if it's a regular Board day, then the judge will be more inclined to let you come to the meeting. But, if it's a special day, I would like to get my two cents in about what day it is if possible.

MR. MCCORQUODALE: Mr. Chairman, I'd suggest that all the parties involved in it that have spoken today, get together outside here and see if you can arrive at some proposed date and let the Board consider it at that point.

MR. CHRISTOPHER: Well, could we get some dates from the Board that we could decide? I'm ready any day. My people are ready.

MR. UTSEY: What day did you all propose to meet next month for your regular session?

CHMN. ADAMS: The next regular meeting of the Board is scheduled for Thursday, the 16th.

MR. UTSEY: 16th day of December?

CHMN. ADAMS: Right.

MR. JOINER: To be held in Mobile.

CHMN. ADAMS: It will be held in Mobile.

MR. CHRISTOPHER: Now, as Mr. Burns said, probably somewhere between 150 and 200,000 dollars worth of oil would be produced from these two wells between now and then, and we think it's only fair that we, that the proper people, get a share as quickly as it is convenient for the Board to admit, and that's a lot of money down in Choctaw County.

CHMN. ADAMS: We'll rule on, we'll take the matter under consideration. You file your petition and coordinate that with the opposing parties.

MR. CHRISTOPHER: Thank you very much.

MR. JOINER: Item No. 7, Docket No. 10-15-7611, continued motion by the State Oil and Gas Board to make permanent emergency orders promulgated on September 22, 1976. Items 7, 8, and 9 are in the same category and they pertain to the West Barrytown Field, Special Field Rules and formation of units.

MR. MCCORQUODALE: Mr. Chairman, I move that the testimony and exhibit received by the Board on September 10, 1976, and on September 21, 1976, concerning the petitions by Harkins and Company be received and admitted at this time concerning these items, 7, 8, and 9. In other words, we're talking about all of the evidence at the hearings concerning the Harkins' petitions which were ultimately dismissed on September 21.

CHMN. ADAMS: Do I hear any objections to the motion? Hearing none, the motion is granted and the evidence in the form of testimony and exhibit is so admitted. Does anyone wish to speak to these items at this time? Is there any further evidence to be offered by anyone? (No response)

MR. MCCORQUODALE: Mr. Chairman, I move that the matters as set forth in the agenda for Items 7, 8, and 9 be granted and made permanent in considering all the evidence received by the Board concerning these items.

CHMN. ADAMS: I second the motion. All in favor say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: The "ayes" have it, so ordered.

MR. JOINER: Item 10, Docket No. 10-15-761, petition by Exxon Corporation. Will the Petitioner please come forward?

MR. HAMMOND: Thank you, Mr. Supervisor. Mr. Chairman, my name's Steve Hammond, attorney representing Exxon from New Orleans. I would like to move that this item be continued until your next regularly scheduled Board meeting.

CHMN. ADAMS: Is there any opposition from anyone in the room to this, this motion? Or this request? (No response)

MR. MCCORQUODALE: I move the continuance be granted.

CHMN. ADAMS: Second the motion. All in favor of granting the continuance say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: 'Ayes' have it, so ordered.

MR. HAMMOND: Thank you.

MR. JOINER: Item 11, Docket No. 11-18-761, petition by Belden and Blake Corporation, will the Petitioner please come forward? Mr. Chairman, this is an instance where the Petitioners have been delayed. Their plane could not get off the ground in Meridian. They're driving over and they may be in the session later. With your permission, we'll move to Item 14.

CHMN. ADAMS: All right.

MR. JOINER: Item 14, Docket No. 11-18-767, petition by Getty Oil Company. Will the Petitioners please come forward? Mr. Chairman, I know the Getty Oil representative is here.

(After a few moments, Getty Oil representatives enter)

CHMN. ADAMS: Good morning, Counselor.

MR. REAMS: Do I understand you called 14?

MR. JOINER: Yes, sir, I have.

(Conservation between Chmn. Adams and Mr. Reams  
concerning biography of Mr. Getty)

MR. JOINER: How many witnesses do you have?

MR. REAMS: Just one.

MR. JOINER: Will you state your name for the record please?

MR. ARMSTRONG: Name's Ralph Armstrong.

(Witness was sworn by Mr. Joiner)

MR. REAMS: Mr. Chairman, Mr. McCorquodale, this is a petition to  
make permanent an emergency order which permitted the sidetracking of a well in  
Section 5 in the Hatter's Pond Field, and Mr. Armstrong will be our witness.

RALPH ARMSTRONG

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

DIRECT EXAMINATION

Questions by Mr. Reams:

Q Please state your name, business address, and by whom you are  
employed, and in what capacity, Mr. Armstrong?

A My name is Ralph Armstrong. I am employed by Getty Oil Company in  
the New Orleans district as a petroleum geologist, and my area of  
responsibility includes the State of Alabama.

Q Have you testified before this Board as a petroleum geologist and were  
your qualifications as an expert in that field accepted by the Board?



A Yes, sir, I have and they were.

MR. REAMS: We move that Mr. Armstrong's qualifications as a petroleum geologist be accepted by the Board.

CHMN. ADAMS: He is accepted.

Q Mr. Armstrong, have you made a study of the Hatter's Pond Field in Mobile County, Alabama?

A Yes, sir, I have.

Q And are you familiar with the application which has been filed with this Board requesting an order making permanent Emergency Order No. E-76-116, dated October 29, 1976, which permitted the sidetracking of the Getty Oil Company Creola Minerals 5-1, Well No. 1, which has a surface location of 731 feet south of the North line and 731 feet west of the East line of Section 5, Township 2 South, Range 1 West, Mobile County, Alabama, and the bottoming of said well at a point 50 feet west of the East line and 50 feet south of the North line of said Section 5?

A Yes, sir, I am.

Q Are you also familiar with Order No. 76-72 of this Board dated July 2, 1976, which permitted the drilling of the Getty Oil Company Creola Minerals 5-1 Well No. 1 as an exceptional location according to the field rules for the Hatter's Pond Field?

A Yes, sir, I am.

Q Have you prepared or had prepared under your supervision exhibits?

A I, yes, I have prepared three exhibits.

Q Do these exhibits each correctly and accurately portray all matters shown thereon?

A Yes sir, they do.

MR. REAMS: Mr. Chairman, we would like to introduce the exhibits.

(Exhibits were distributed)

MR. REAMS: We would like to introduce for identification the following exhibits. Exhibit 1 is a structure map of the Hatter's Pond Field, and Exhibit 2 is a core graph of the Getty Oil Company Creola Minerals 33-10 Well No. 1, and Exhibit 3 is a core graph of the Getty Oil Company's Creola Minerals 5-1, Well No. 1. Any questions on it, Mr. Chairman, before we go ahead?

CHMN. ADAMS: I hear none. Staff have any questions?

MR. JOINER: Not at this point.

MR. REAMS: Mr. Armstrong, would you now please explain Getty Oil Company's reason for requesting and obtaining Emergency Order E-76-116, which would permit the bottoming of the Getty Oil Company Creola Minerals 5-1, Well No. 1, at a point 50 feet West of the East line and 50 feet South of the North line of Section 5?

A Getty Oil is asking for this order because a completion cannot be made as originally permitted for the following reasons. Cores taken in the 5-1

well, between the interval 18,350 and 18,500 feet indicate the Smackover interval to be too tight to be economically produced. And two, while drilling deeper to run logs, drill pipe became stuck and we were unable to recover it and a fish was left in the hole. No logs could not be run over the prospective productive interval because of this fish. This order requests not only to drill around the fish, but also orient their hole up structure and toward a better productive rocks as seen in the Creola Minerals 33-10, Well No. 1.

Q All right. Now would you explain Exhibit No. 1 to the Board please?

A Exhibit 1 is a structure map of the Hatter's Pond Field contoured on top of the Smackover Formation with a contour interval of 100 feet. The completed wells are colored red. The drilling wells are colored green, and the bottom hole location, which we are asking for today, is colored orange.

Q All right, now. Would you explain Exhibit 2, if there are no questions on one?

A Exhibit 2 is a core graph of the core we took from the Creola Minerals 33-10 Well No. 1. The porosity over 6 percent is colored red, the permeability over a tenth of a millidarcy is colored yellow, and the fracturing system that gives a false permeability is colored green. This is not the true permeability of the rock.

Q All right. Now would you explain Exhibit 3 if there's no questions about 2?

A Exhibit 3 is a core graph of the Creola Minerals 5-1 well. As previously stated, no logs were run because of the fish left in the hole. This core graph shows only two feet over 6 percent porosity, and shows a permeability to be below 1/10 of a millidarcy, which is below the limits to be productive. The permeability colored green are the fracturing and also as stated is unreliable as to the true permeability of the rock. There was no oil saturation in the core; the water saturation ranged from 40 to 80 percent. Comparing these two core graphs, you can see why we would like to get closer to the Creola Minerals 33-10 Well No. 1.

Q Now, Mr. Armstrong, since the Board has indicated in the orders, the emergency orders issued, that it will not permit without a later special order from the Board any production from the well bottomed as Getty has requested it to be, why does Getty wish to make this temporary order E-76-116 permanent?

A Bottoming the well, as requested, should permit Getty to core and log the well at this new location and would possibly leave Getty with a well that could be used after fieldwide unitization, either for production or by injection.

Q Would it have been economically feasible for Getty to have waited until sometime in the future and then have gone back into this well and side-tracked it as authorized in this emergency order?

A       Getty felt it was best economically feasible to do this sidetracking while we still had a rig on the location before the well was plugged.

MR. REAMS: Mr. Chairman, we move that Exhibits 1, 2, and 3 which were introduced for identification, which were marked for identification, be accepted in evidence.

CHMN. ADAMS: These exhibits are accepted into evidence.

(Whereupon, Exhibits 1, 2, and 3 were  
received in evidence to the testimony  
of Ralph Armstrong)

Q       Mr. Armstrong, are you familiar with the definition of waste as contained in Title 26, Chapter 3, Section 179, Sub. 25...

A       Yes.

Q       ...of the Code of Alabama? In your opinion, would the granting of Getty Oil's application in this matter be in the interest of preventing waste, aid in the proper and efficient recovery of a maximum amount of gas and gas condensate from the Smackover Norphlet Gas Pool at the Hatter's Pond Field, and protect the coequal and correlative rights of all parties owning an interest in the pool?

A       Yes, sir, in my opinion it would.

MR. REAMS: Mr. Chairman, we tender the witness.

MR. JOINER: Mr. Chairman, the staff has no questions. I would have a request that Mr. Armstrong sign the exhibits that will be left with the recorder before you leave today, please sir.

MR. ARMSTRONG: All right.

CHMN. ADAMS: Are there any questions by any member of the audience here? Any comments from any member of the audience? If there are, just stand.  
(No response)

MR. MCCORQUODALE: Mr. Chairman, I move the petition be approved with the continued stipulation that no hydrocarbons be produced.

CHMN. ADAMS: I second the motion. All in favor say "aye".

(Both Board members voted "aye".)

CHMN. ADAMS: "Ayes" have it, so ordered.

MR. REAMS: Thank you, gentlemen.

MR. JOINER: Item 15, Docket No. 11-18-768, petition by Cleary Petroleum Corporation. Will the Petitioners please come forward?

MR. WATSON: Mr. Chairman, I'm Tom Watson representing Cleary Petroleum Corporation. Cleary's staff members have met with the Board in a pre-hearing conference and the Board and Cleary is of the opinion that further information is needed prior to presenting this particular matter for the reformation of the Ogden 9-(sic) well, therefore, we would ask that the Board continue this matter until the next regular meeting.

CHMN. ADAMS: Any comment or opposition from anybody in the room, or from the staff? (No response)

MR. MCCORQUODALE: I move the continuance be granted.

CHMN. ADAMS: I second the motion. All in favor say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it, so ordered.

MR. JOINER: Item 16, Docket No. 11-18-7617, petition by Exchange Oil and Gas Corporation. Will the Petitioner please come forward?

MR. CROWE: Mr. Chairman, I'm Rae Crowe of Mobile representing Exchange Oil. This is Mr. Fleming who will be a witness.

MR. JOINER: Mr. Fleming, would you state your name for the record please?

MR. FLEMING: My name is Phil Fleming.

(Witness was sworn by Mr. Joiner)

PHIL FLEMING

Appearing as a witness on behalf of Petitioner, Exchange Oil and Gas Corporation, having first been duly sworn, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Crowe:

Q Mr. Fleming, are you employed by Exchange Oil and Gas Corporation?

A That's right.

Q And, could you tell the Board what your job or duties are with Exchange?

A Well, I'm petroleum landman with Exchange Oil and Gas Corporation in New Orleans, concerned with oil and gas exploration for oil and gas leases in Louisiana, Mississippi, Alabama, and Florida.

Q You've testified previously before this Board?

A Yes, sir.

MR. CROWE: We move that Mr. Fleming's qualifications be accepted by the Board.

CHMN. ADAMS: They are accepted.

Q Are you responsible for operations of Exchange in the Chunchula Field in Mobile County?

A Yes, sir.

Q Are you familiar with Section 4, Township 2 South, Range 2 West, which is the subject matter of this petition to force integrate and appoint Exchange the operator of that unit?

A Yes, sir.

Q Are the allegations of that petition true and correct?

A Yes, sir.

Q Does Exchange own or have control of a majority of the minerals, drilling rights, and leasehold interests in Section 4?

A That's correct.

Q Are there any parties or possible claimants known or unknown who claim or might claim to own any drilling and production rights with respect to more than one separately owned tract of land in Section 4 who have not agreed to join with Exchange and integrate their interest in the drilling of a deep test gas well in Section 4?

A Yes, sir.



Q Have you been issued a drilling permit by this Board...

A Yes.

Q To drill a well in Section 4? And you are presently drilling that well?

A Yes, sir.

Q Does this well comply with Special Field Rules, Mr. Fleming, for this Chunchula Field?

A Yes, sir.

Q Are you familiar with Alabama statutory definition of waste as that term is defined in Title 26, Section 179(25) of the Code?

A Yes, sir.

Q In your opinion, would the granting of Exchange's petition in this matter and forced integration of Section 4, prevent waste within the meaning of that statute and protect the coequal and correlative rights of all the owners?

A Yes, sir, it would.

MR. CROWE: I might add to the Board that there's an emergency order been granted and this is a petition by Exchange to make that order permanent. We tender the witness.

CHMN. ADAMS: Any questions by the members of the staff?

MR. JOINER: Questions? No questions.

CHMN. ADAMS: Any questions by any member of the audience? Any questions from anybody in the room? (No response)

MR. MCCORQUODALE: Mr. Chairman, I move that the emergency order be made permanent.

CHMN. ADAMS: I second the motion. All in favor say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it, so ordered.

MR. FLEMING: Thank you, Mr. Chairman.

MR. JOINER: Item 17, Docket No. 8-13-761, petition by Sun Oil Company.

Will the Petitioner please come forward?

MR. WATSON: Mr. Chairman, Tom Watson, representing Sun Oil Company.

We would ask that this matter be dismissed. Without prejudice, please.

CHMN. ADAMS: Any question or comment by the members of the staff? Any comment or statement by any member of the audience? Or anybody in this room?

Hearing none, do I hear a motion?

MR. MCCORQUODALE: I move that the matter be dismissed without prejudice.

CHMN. ADAMS: Second the motion. All in favor say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it, so ordered.

MR. JOINER: Item 18, Docket No. 11-18-7613, petition by Marion Corporation.

Will the Petitioner please come forward?

MR. WATSON: Mr. Chairman, Tom Watson, representing the Marion Corporation. If I could brief the Board on this petition, I understand, Mr. Joiner, that you have received a letter from Mr. Ray Corcoran, is that correct?

MR. JOINER: I have not received a letter.

MR. FREEMAN: Yes, just, I just got it just before I walked in here this morning.

MR. JOINER: We have received a letter from Mr. Ray Corcoran.

MR. WATSON: This is a matter, Mr. Chairman, where Marion Corporation has drilled a well in the Citronelle Field. We have, Marion took this drilling farm out from another group. It has now come to our attention after a diligent effort that there is an outstanding unleased interest in this tract. We are requesting the Board to make permanent an emergency order force integrating that interest. Mr. Corcoran has been retained by that interest owner. We've been in contact with that interest owner, who is an out-of-state resident, directly. Mr. Corcoran, I understand, from the letter that was read to me, has asked for a time to consider this matter and appear before this Board and we would have no objection to that. Therefore, I would ask that Item 18 be continued to give Mr. Corcoran and his client an opportunity to come before this Board.

CHMN. ADAMS: Is there any opposition by any person in this room? Or any statement that any person in the room ought to make on this matter?

MR. JOINER: Mr. Chairman, by the nature of the action, the staff sees no, no hardship on anybody by delaying this an extra month.

CHMN. ADAMS: Do I hear a motion?

MR. MCCORQUODALE: I move the matter be continued.

CHMN. ADAMS: Second the motion. All in favor say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it, so ordered.

MR. JOINER: Mr. Chairman, it has come to my attention that the representatives of Belden and Blake are here now, after having made the long trip from Meridian. And we can go back now and take up Items 11, 12, and 13 if they are ready. So we will call Item 11, Docket No. 11-18-761. Will the Petitioner please come forward?

MR. ADAMS: Good morning, gentlemen, and we apologize for being late, but we were fogbound. We came on a plane.

CHMN. ADAMS: We understand that.

MR. ADAMS: And the fog had us bound up in Jackson. The first item that we have on the agenda is a petition which we filed requesting approval of the Board...

MR. JOINER: Mr. Adams, I recognize that resonant voice from many telephone conversations, but for the record, would you please state your name and...

MR. ADAMS: I'm John E. Adams. I'm attorney from Grove Hill, Alabama, and I represent Belden and Blake Corporation and their associated limited partnerships. Briefly, this situation grew out of the fact that Sections 2 and 3, Township 3 North, Range 2 East, in the South Carlton Field, are tremendously oversized sections. The official government survey indicates that the North and South line separating Sections 2 and 3 is 90 and a fraction chains long where the normal section line you know is 80 chains. Our engineers in making surveys down there discovered that as based on the

recognized lines and corners and the manner in which the land was occupied down there, there, there actually is a distance of approximately 100 chains between the South line of Section 2 and 3 and the North line, of Sections 2 and 3. And, we, therefore, are requesting authority of the Board to make a new grid dividing Sections 2 and 3 into 20 drilling units each, of 40 acres approximately, instead of the normal 16 units. And we're prepared to present to the Board proof by our engineers that this can be done. That the facts are what I'm saying to you that they are. And that this can be done without any overlapping or conflict with the sections north and south of these two. East and west we're not making any difference. They are the normal 20 chains widths for the drilling units. And we've got room for a tier of 5 rather than 4 drilling units north and south, each having north and south distance of right at 20 chains. May I call around our engineer and make my presentation?

CHMN. ADAMS: Proceed.

MR. ADAMS: Mr. Jones. Do you have the petition to which the plats are attached that we might show the members of the Board? I have my copy with the plats attached. I can...

MR. JOINER: We have a copy here, Mr. Adams, if you don't have any...

MR. ADAMS: All right.

MR. JOINER: ...copies. I think we need to swear Mr. Jones in if he is going to give testimony. Mr. Jones, will you state your full name for the record please?

MR. JONES: My name is Edward L. Jones.

(Witness was sworn by Mr. Joiner)

MR. ADAMS: Can Mr. Jones sit here?

MR. JOINER: Yes, sir. Anywhere you want him to sit.

MR. FREEMAN: You might like to use these originals then, as exhibits, is that correct?

MR. ADAMS: Yes. I would like for the members of the Board to have...

MR. FREEMAN: Let me use those then in evidence...

MR. ADAMS: All right. We offer in evidence the two plats which are attached to the petition, one of which shows Sections 2, 3, 10 and 11, Township 3 North, Range 2 East, and the other of which shows Sections 2 and 3, Township 3 North, and Sections 34 and 35, Township 4 North.

MR. FREEMAN: Shall we, for the record, sir, refer to the plat that shows Sections 2, 3 in Township 3 North and 34 and 35 as Exhibit 1?

MR. ADAMS: All right, and shall we identify the other one as Exhibit 2?

MR. FREEMAN: All right, sir.

MR. ADAMS: All right. Now, do the members of the Board have copies of these plats?

CHMN. ADAMS: We have them.

EDWARD L. JONES

Appearing as a witness on behalf of Belden and Blake Corporation, having first been duly sworn, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Adams:

Q Mr. Jones, what is your profession?

A I'm a professional land surveyor.

Q Beg pardon?

A Professional land surveyor.

Q Are you a registered surveyor in the State of Alabama?

A Yes, sir.

Q Have you made surveys in the South Carlton Field?

A Yes, sir.

Q Did you make the surveys upon which these plats are based?

A Yes, sir. I did.

Q Did you make these plats?

A Yes, sir. I do plats.

Q Will you state to the Board what you found with reference to identifiable recognized lines, marking the South line of Sections 2 and 3, and the North line of Sections 2 and 3?

A All right. The South line of Sections 2 and 3, there is a concrete steel pipe filled with concrete at the corner, and the Southwest corner of Section 3, I believe it is.

Q Have you indicated those on your, on both of these plats?

A Yes. A six-inch iron pipe, and then there's a marked corner and there's a marked line along the South line of Section 3.

Q Does it extend on to the river?

- A It extends on. It's a marked line. I never did find a corner at the Southeast corner of 2.
- Q Well, that's on the east side of the river, is it not?
- A Right.
- Q But on the Clarke County side of the river, you found a marked corner marking the Southeast corner of 3 which is the Southwest corner of 2?
- A Yes, it was a wooden marker.
- Q And what did you find at the Southwest corner of 3?
- A The Southwest corner has a six-inch iron pipe.
- Q Now what did you find at the North end of those sections?
- A O.K. This entire line across here is a blazed and marked line with, I think it's yellow paint, and it's maintained by Scott Paper Company and Mr. Boyd Adams who owns to the north.
- Q Does the Adams Company, which is Alco Land and Timber Company, own the land north of that, now that's the township line, is it not?
- A Yes.
- Q Does Alco own north of that line?
- A Yes.
- Q And Scott Paper Company south?
- A Yes, sir, that is right.
- Q And you found a well marked and recognized line, which they themselves had established?



A Yes, sir.

Q How far, what distance is there between the South line of Sections 2 and 3 and this recognized marked line that the owners recognize as being the North line?

A As it's shown on the plat, it's 6543.67 feet.

Q Which is, which is almost 100 chains?

A Right, almost 100 chains.

Q Your east and west distance conformed, did it not, to...

A Right, it, it's fairly normal at, what we call normal is a regular A chain.

Q All right. Now what you have done in Sections 2 and 3 is to lay out a proposed grid in which there are twenty drilling units instead of the normal sixteen?

A Yes, sir.

Q Which you have designated across the top row as 1-A, 2-A, 3-A, and 4-A?

A Yes, that's right.

Q Then you come back and start your 1, 2, 3, 4, and the rest of it just like you normally would lay them out?

A Right, you normally would do it.

Q Now, can that be accomplished without overlapping or intruding upon the sections to the north of it?

A It can. There's not much evident on the north line of Section 34. The only evidence we had really was a blazed and marked line beginning at the North-east corner of Section 35 going east. Evidently the property to the north of

34 and 35 are owned by the same man. So they do not have a line marked through there.

Q Between 34 and 35?

A That's right.

Q And that's, I believe that's true. That's Alco in both places?

A I believe they're all the way up there too.

Q Yeah. Now, has one of the Belden and Blake organizations obtained a permit for a well which would be the north, in the northeast of southeast of 35?

A Yes, we, we did.

Q Is the drilling unit on which that well is located laid out as based on this recognized line that you show here as being the South line of 35?

A Yes, sir. Yes, sir, it is.

Q So that we would have no conflict with what we are talking about here, and the layout of the grid in 34 and 35?

A No, sir, there wouldn't be. In fact, there's, you can see there are 42 1/2 acres. On each one of those, so there...

Q In 35, that's 34...

A 34 and 35.

Q and 35. Now is the same thing true at the south, on the south side? Can you lay out what we're talking about here without intruding upon Sections 10 and 11?

A Yes, sir. The sections down in Section 10 are almost approximately, approximately 40 acres. 39.3. As they go up to the north, they get a little bit larger,

and that's because of the line, is different than the bearing of the line on the west side and the bearing on the east side. They vary somewhat. But, they're all...

Q But you, you have correctly shown on these plats the relationship between Sections 2 and 3, and 10 and 11 on the south, 34 and 35 on the north?

A Yes, sir.

Q And there is room for this 20-unit grid without overlapping or encroaching upon either one of them? Is that correct?

A That is correct.

MR. ADAMS: I would like to offer as my Exhibit No. 3 a tracing which I myself made of Sections 2 and 3, Township 3 North, Range 2 East, as they appear. I've made one for each member of the Board that they could look at, thought I had an extra one but I don't seem to have but those two. I call your attention to the fact that the government plat, from which this is traced, indicates the north and south line, between 2 and 3, to have 90 and a fraction chains.

Q Mr. Jones, in making your survey, did you measure off 90 and a fraction chains from the South line of 3 to see where you would come out?

A Yes, sir, I did.

Q Did you reach the recognized property line up there?

A I did not reach the recognized property line. I came up to what would, what we had identified as a possible GLO line.

Q You have identified that line on this plat that we are looking at, the big plat, as indicating where that would be if it were laid off to conform to the official government plat? And you have to go approximately 10 chains beyond that to reach the line that's recognized between the property owners there?

A Right. And that, that is the reason now we had not completed our survey and found this line so we did give as our GLO call on these two units that we're talking about here, Unit 3-2 and Unit 3-10. That made them 45 acres each and they were permitted and approved by the Board.

Q Now that was back before we discovered this, this situation?

A Yes, right.

Q We had applied for and obtained permit for 3-2 and a permit for 3-10 designating each one of them as a 45-acre unit, 45 and a fraction?

A Yes, sir.

Q Conforming to the oversized, as indicated by the government?

A Government Land Office, right.

Q Then when we discovered that we had still another excess acreage above there, it seemed to be more feasible to do what we are requesting permission to do now?

A Yes, sir.

MR. ADAMS: Are there any questions?

EXAMINATION BY BOARD OR STAFF

MR. JOINER: Yes, sir, I have a few. Mr. Jones, I was unclear when you

said you identified the possible GLO line. Did you actually find something on the ground to indicate...

MR. JONES: No, sir, I didn't. I did not identify it.

MR. JOINER: By identifying, you're talking about you posted it on this exhibit so we could see where it possibly would be, is that right?

MR. JONES: Yes, sir. That's right.

MR. JOINER: All right, sir. Now, would you tell us please exactly how you marked the north boundary of Sections 34 and 35?

MR. JONES: We ran a survey from the East township line of Township 4 North, Range 2 East. We found two what they call judicial corners. I guess they were set there by a government order of some kind. I don't know. I've never seen them before. They are not shown on this plat. It would have been a tremendous plat if I had made that particular one, and then we ran across the line there that you see as being marked, and we had, it conformed with the Government Land Office calls, within reason. So we felt justified in using that as a basis for setting up the unit in Section 35. And that's the way we came up with that unit for the, I think it's 35-9, I believe it is?

MR. JOINER: Yes, 35-9, I see that.

MR. JONES: That was the basis for it.

MR. JOINER: Did you use the same procedure for the south boundaries of Sections 10 and 11?

MR. JONES: Yes, sir. We researched it and we found it to be a marked line recognized by the landowners.

MR. JOINER: This is a marked line in here?

MR. JONES: Did you say the North line?

MR. JOINER: I said the South line.

MR. JONES: Oh, the South line.

MR. JOINER: Of Section 10 and 11.

MR. JONES: There is nothing marked on the South line of 10 and 11 that we could find. What we did was we prorated from the North line of Section 10 all the way to the south boundary of the township and then, based on the Government Land Office calls, we prorated on each one of those sections going up.

MR. JOINER: You have surveyed that out, all the way to the south boundary of the township?

MR. JONES: Yes, sir. And I also based it on a survey that was made in 1950 by Humble Oil and Refining Company.

MR. JOINER: All right, sir. What on the ground do you have as control for the south boundary of the township?

MR. JONES: We have an original corner on the south boundary of 3 North, Range 3 East, and we have an original corner on the Northeast corner of Section 35, I believe it is--34. Wait a minute, let me get you straight. On the township line, gonna have to be the Northeast corner of Section 36, I'm getting everybody fouled up, and also another original corner that was identified over on a land grant that was made prior to the rectangular survey, and we used all of that to build up because there was just no evidence anywhere else in the township except on the West line, and that's a

normal standard procedure for setting up a township which has not got any regular marked corners. I hope you all will forgive me, I've had a cold.

MR. JOINER: You do as much surveying in this particular area of the swamp as anybody I know of, Mr. Jones, and you're satisfied that this grid that you're proposing here is not putting us into a box as far as shortening the north-south distance in any section within the immediate area?

MR. JONES: That's correct.

MR. JOINER: Any questions from the staff?

CHMN. ADAMS: Any question from any member of the audience? Mr. Crowe, do you have a question?

MR. CROWE: No.

CHMN. ADAMS: That all you have, Mr. Adams?

MR. ADAMS: Yes, sir.

CHMN. ADAMS: Any opposition to this request, this petition?

MR. ADAMS: May I make this one further suggestion? Our leases extend to a depth of only 7,000 feet, and we are making this request for this grid to be limited to 7,000 feet because we don't know what the owners of the lower strata would want to do.

MR. MCCORQUODALE: Mr. Chairman, I move that the petition be approved.

CHMN. ADAMS: I second the motion. All in favor say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: The "ayes" have it, so ordered.

MR. ADAMS: Thank you, sir. Now, I believe that the next two items on the docket...

MR. JOINER: Mr. Adams, I'll be glad to call those. It's Item 12, Docket No. 11-18-762, and Item 13, Docket No. 11-18-763, both by Belden and Blake. And we have the Petitioner forward.

MR. ADAMS: Now, those two petitions are based on the fact which I believe we mentioned a moment ago that when we originally started seeking permits in that area, we were not aware that this situation existed that we've just presented that we had not only the oversized section as shown by the government plat, but we also had the excess above the government plat. But, the first two permits that we requested were identified as 3-2 and 3-10, I believe. And we also identified them as being the NW/4 of NE/4 and NW/4 of SE/4, respectively, of Section 3, and set them up as 45 and a fraction acre units conforming to that government plat. Now, to have, this new grid having been accepted and adopted, we are requesting that the permits and the drilling units based on those permits which were originally granted as being 45 acre units, be reformed and revised to make them conform to the new grid and let them be 3-2 and 3-10 respectively, as shown by the new grid. The ownership in the area is identical. There's, the mineral ownership and surface ownership are both identical on all of that property.

#### EXAMINATION BY BOARD OR STAFF

MR. JOINER: To further expound on that, Mr. Adams, you say that royalty



and working interest is the same?

MR. ADAMS: Yes.

MR. JOINER: It will have, this action, proposed action, will have no effect on any royalties that have been paid in the past?

MR. ADAMS: That's correct.

MR. JOINER: And it will have no impact on either working or royalty interests right now?

MR. ADAMS: That's correct.

CHMN. ADAMS: Are there any comments or questions by anybody else in this room?

MR. JOINER: Mr. Chairman, we do have one question concerning one of the plats. Ken.

MR. HANBY: Mr. Jones, on the petition versus the plat that was attached to the petition, in comparing the numbers locating the reformed unit, versus what's shown on the plat, there is a slight difference, and could you please explain which one of those distances is the correct, and the reason for the difference between what's shown on this plat?

MR. JONES: Yes, sir. When we originally formed these units, it was naturally going to be somewhat long so the dash line across here, and this line up here was the possible GLO line or the line based on what would have possibly been a GLO line. And the red outline is the one that we are petitioning the Board for now.

MR. HANBY: Right. What I'm specifically on is the distance stated in the petition from the South line is different from the distances. Take this distance, subtract this distance from it to the South line, it's different than what the petition states to the...

MR. JOINER: Ken, would you speak up please?

MR. HANBY: All right. The distance on the petition is different. It's 1308.16 from the South line and this calculates 1321.65. And since this petition is going to go into an order, if that distance shown on this plat is correct, then this petition needs to be amended to reflect location.

MR. JONES: This distance is correct. May I call a fellow surveyor up here with some more plats?

MR. HANBY: Oh, yes, sir. If you've got a different plat, then this, we'd like to do that.

MR. FREEMAN: Are you saying then, the distances in the petitions are correct?

MR. ADAMS: I thought so. I was basing that on figures that I took from this plat. The figures that I put in the petition were based on this plat.

(Discussion between Jones and Hanby regarding plats)

MR. JONES: I believe it may be just a confusing thing here because we had originally come to this line, right here. The petition stated that we want to go to 1308.16 which would be to the bottom line.

MR. HANBY: All right. Well the difference is that this is to the southeast corner. This is, over here. Why don't, you'd like to use that as an exhibit on this

matter that correctly can be attached to the record showing the location as far as that.

MR. JONES: Oh, yes. Yes, sir. I think it would be wise to make this and also the 3-2 as an explanation on it too. It's the same way.

MR. JOINER: Mr. Chairman, I believe what we're looking at is a technicality that can easily be corrected and have no impact...

CHMN. ADAMS: Well, I don't see any point in dwelling on it.

MR. FREEMAN: Right. I think the order could correct any minor change.

MR. JONES: You want to make these a part of the exhibit?

MR. JOINER: After the meeting, will you please take care of correcting the plat?

MR. JONES: Oh, I see. O.K.

MR. ADAMS: That's something that we can work out after the meeting. It's just a matter of detail as I understand it.

CHMN. ADAMS: Do I hear a motion?

MR. MCCORQUODALE: I move that the petitions in Items 12 and 13 be approved.

CHMN. ADAMS: I second the motion. All in favor say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it, so ordered.

MR. ADAMS: Thank you very much, gentlemen. Could I have back one of my tracings? I wound up without any in my files, somehow. Thank you.

MR. JOINER: Item 19, Docket No. 11-18-7614, petition by Warrior Drilling and Engineering Company. Will the Petitioner please come forward?

MR. CROWE: Mr. Chairman, I co-represent the Petitioner. I imagine they are here. Mr. Watson does. I represent Terra Resources, Inc., who is opposing the petition.

MR. FREEMAN: Excuse me, for the record, would you state your name?

MR. CROWE: Rae Crowe of Mobile. We have filed with the Board a motion for continuance of this hearing until the December 16 meeting of the Board. And I, if, with the Board's indulgence, I would like to speak to our motion for continuance.

CHMN. ADAMS: Proceed.

MR. CROWE: Terra Resources has a considerable interest in the field. The West Fayette Field. The petition which we just learned about, about 10 days ago, seeks to add, I believe it's 10 sections as an addition to the field, and it also seeks to reduce the spacing from 640 as presently ordered by the Board to 320. Now in the 10 sections that Terra, Terra's interest is 50.1 percent. In our motion we say it's 42. Upon computing it, we find that we own 50.1 percent of the acreage in the 10 additional sections which the pending petition seeks to include in the West Fayette Field under 320-acre spacing. In addition to that, we have contracts under which we may earn and will earn additional acreage in the 10 sections so that our majority interest as it is now will be even increased to a greater extent. The reason for our opposition basically is that we think it's premature now. The field is, the wells are shut in. There is presently no pipeline serving the field. So that a delay will not affect the monetary, financial interest, of any of the royalty owners in the area. Now, we, as I say, first learned of this about 10 days ago. We came to the Board and got a copy of the petition

and proposed rules and found that they drastically affected our financial interest in this area. And, we were hoping to be able to get copies of the exhibits which I first saw last night around 7 or 8 o'clock for the first time. Mr. Moore of Terra came by the Board, I believe yesterday, Mr. Joiner, or Mr. Hanby, I believe, and got, picked up 19 or 20 exhibits, technical exhibits, which we really have not had time to study or analyze. And for that reason, we would ask the Board's indulgence to allow us a fair opportunity to prepare ourselves and analyze the exhibits and we think that in that context it would be to the Board's interest because the hearing will probably be more cohesive, and it could be handled on the December docket without damage to anyone. We do feel like holding it at this time, it, we haven't had sufficient opportunity and we do have a majority interest in the ten additional sections which the petitioner is seeking to bring into the West Fayette Field. So we would like, if we could, to have this thing, I don't know if Mr. Watson opposes it or not, but we would like to have the matter laid over until the next meeting of the Board.

CHMN. ADAMS: Any comments, Mr. Watson?

MR. WATSON: Yes, sir. Mr. Chairman, we are prepared to go forward today to present testimony, and not only prepared to go forward to present testimony, we have an operational plan that dictates that this matter receive early consideration by this Board. I can appreciate Mr. Crowe's position in the areas to be added, and his company's interest there, however, a majority of this field and the questions to be raised about this field's development can be presented to this Board today. Our

people are here. This is a matter that affects this area. Your next meeting will be in Mobile. I would suggest that we can give the Board an overview. Might even be beneficial to Mr. Crowe and his people to see this data, if they've not had time to look at it carefully and then I think it would be a proper time to consider a motion based on the Board's action in this matter. We're prepared, we are prepared to proceed and it would be a detriment to us to hold up. Pipeline plans are active. Wells are being drilled. There's a time schedule that we're prepared to give you in some detailed outline today, so I would ask the Board to hear this matter, and then consider your action.

CHMN. ADAMS: I can see the merit in you presenting your case now, and possibly our continuing the remainder of the case until Mr. Crowe has an opportunity to prepare his case. On the other hand, Mr. Crowe may not be prepared to cross-examine intelligently and adequately if he hasn't seen the exhibits and had an opportunity to study them. What, do you have any comment on that, Mr. Crowe?

MR. CROWE: Yes, sir. That's what I was going to say, exactly what you said, Mr. Chairman.

CHMN. ADAMS: I can see how this would be expedited if we can hear one half of the case today, and then...

MR. CROWE: There's no way for, to make an intelligent cross-examination on the notice that we have had. And I might add that the exhibits, I am told, were not filed within the five-day rule, which is L-1 or 2 of, as required by the Board. In fact, the staff itself did not receive them until Monday which would have been the 16th, I

believe, and that is not five working days as required by the Board's own...

CHMN. ADAMS: You think you'd be adversely affected if we proceeded to hear the proponent side today?

MR. CROWE: Yes, sir.

CHMN. ADAMS: And then hear your side later.

MR. CROWE: Yes, sir. But, for, among other reasons, the very matter that you mentioned, Mr. Chairman.

MR. WATSON: Mr. Chairman, I think that, first of all, Enserch and Warrior has been before the Board's staff in a prehearing conference. Actually, exhibits, this was a working conference where additional material was prepared. Mr. Cronan who will testify here today made contact with Terra's man in Houston and delivered engineering exhibits. We would be prepared and would be willing to go back in some summary at your next meeting if that would be required after you hear what we have today. I think that you should give some consideration to the fact that the matter affects this area. The Board will not be in this area at your next regular meeting and we're here today prepared to proceed and I'm sure that Mr. Crowe could indulge us to proceed and note any questions and be as well prepared at the next time as I am sure he is today to cross-examine these witnesses.

MR. CROWE: Well, that would, of course, what you're saying is that you would bring the witnesses back to Mobile for a second hearing...

MR. WATSON: I'm not saying that, Mr. Crowe, because I don't know what the Board would do after they heard the testimony.

MR. CROWE: Well, assuming that they held it over, we certainly want an opportunity to prepare ourselves both to present our own case and to cross-examine witnesses and we cannot do that today.

MR. WATSON: I might say this, Mr. Chairman, here's an alternative here that I think that we could present to you as this matter proceeds. I think you need to hear the testimony.

MR. MCCORQUODALE: Mr. Watson, why were the exhibits not filed until, when was it, Monday?

MR. WATSON: We have two operators here, Mr. McCorquodale. One in Tuscaloosa and one in Houston. And after we met with your staff we were getting all this material together, it was filed as soon as we had it collated from Houston and Tuscaloosa. And I might note that your rule on these states that the Board has discretion in this matter, and it was presented to the staff well in advance of five days although exhibits were not left because we had additional work to do, with those exhibits.

MR. CROWE: The only thing I can say, the, repeat again, Mr. Chairman, is that there's no showing of injury to anybody by continuing this to December 16, a month from now, or less than a month. It would give us an opportunity to protect our interest. We did not attend the prehearing conference, we were not here. We have not had a time, opportunity to really, fully analyze these exhibits.

CHMN. ADAMS: The Board will take a 5-minute recess.

(The Board was recessed for 5 minutes)



CHMN. ADAMS: Let the record reflect that the Board is again in session.  
Come to order. Do I hear a motion?

MR. MCCORQUODALE: Are we consolidating 19 and 20?

CHMN. ADAMS: Did you consolidate 19 and 20?

MR. JOINER: We did not consolidate.

MR. FREEMAN: That no, that's...

MR. MCCORQUODALE: Treat them separately.

MR. WATSON: Mr. McCorquodale, I was not here. I would ask that you do that  
of course, and, before presenting testimony.

MR. FREEMAN: Asking that we consolidate 19 and 20?

MR. WATSON: Yes.

MR. MCCORQUODALE: O.K. Mr. Chairman, I move that Items 19 and 20  
be continued until the next meeting of the Board.

CHMN. ADAMS: I second the motion. All in favor say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it, so ordered.

MR. WATSON: Mr. Chairman, I might say one thing, that, we would, I  
think Terra may be in agreement here, and may not want to even reconsider this,  
but there is the possibility of excluding the areas in which Terra has a 50 percent  
interest in the 10 sections and present testimony on those sections in which Warrior  
has an interest. I would also like to ask you if you would not consider that, to con-  
sider a special meeting again here in the Tuscaloosa area for this matter that affects

West Alabama.

CHMN. ADAMS: Would you make your request in writing and the Board will give due consideration to your request.

MR. WATSON: Yes, sir.

CHMN. ADAMS: And file it with the Board.

MR. JOINER: Item 21, Docket No. 11-18-7616, petition by Lola Mae Johnson. Will the Petitioner please come forward?

MR. WATSON: Mr. Supervisor, can you give me just one minute before I present that.

(Pause while Mr. Watson prepared to present his case)

MR. WATSON: Mr. Chairman, before I make my comments on this item on the docket I would like to reserve a minute at the end of this presentation for a special request of the Board concerning the matters just acted on so that some of these people that might be interested in this, might hear it. Mr. Chairman, I represent Lola Mae Johnson, et al, who owns interest in land in Section 36, Township 1 North, Range 8 East, Escambia County, Alabama. There has been a well drilled in Section 36 by Murphy Oil Corporation. There have been exhibits filed with this Board concerning the Fanny Church Field, numerous exhibits. Subsequent data is on record with this Board, indicates that the information concerning the productive extent limits of this field may need reconsideration. This Board historically has reviewed matters such as this when additional drilling data comes in to determine whether or not the units as previously established should remain intact. I am not prepared today to present expert

witnesses. I am prepared today to present matters or call to this Board's attention matters that have been previously presented to the Board. I understand Exxon, who operates fields north of this land, is prepared today to present testimony to show certain things concerning the productive extent limits of this field. This Board has, when data has been on file with your Board, you have on your own motion reconsidered units previously established by the Board. The courts have held that this authority does liable this Board, and you have jurisdiction to alter units. The exhibits that I have reviewed that are on file with this Board, namely, an exhibit dated August 28, 1975, introduced by Wilbur H. Knight, showing a porosity isopachous map, shows part of areas currently included in the Fanny Church Field. Based on this map, to be outside the productive limits of the field, I think this Board on its own motion or in support of my motion, should consider whether or not the field limits and the units within the Fanny Church Field, particularly those units that are established for the 25-3, the 36-2 and the 36-1 wells, whether or not those units do in fact overlap all known productive acreage or whether there is acreage in those existing units that's nonproductive and whether or not, and more importantly, whether or not there is production outside the southern boundary of the 36-2 unit. And, also, whether or not the 36-3 unit as shown in Mr. Knight's exhibit to have 23 feet of pay, whether or not that is a drainable hydrocarbon, and if so, if the radial drain pattern of the 36-2 well does in fact drain hydrocarbons from that particular area. You are aware that this Board lacks the authority to set oil units in excess of 160 acres. Therefore, my petition is asking you to consider, based on exhibits with this, that have been filed

with this Board, to consider whether or not those units should be altered so as to exclude known unproductive acreage and to include known productive acreage. That would require an amendment to the Special Field Rules so as not to require units on governmental quarter sections but would allow this Board to establish 160-acre drilling units notwithstanding governmental quarter section lines. I think the operator, Mr. Chairman, has an obligation to show this Board, I think they're prepared to show the Board something today, that they are not, through the 36-2 well, draining hydrocarbons that have been encountered in the 36-3 well. The question is whether those hydrocarbons encountered in the 36-3 well can be and are being drained to the north through the 36-2 well. My client was a working interest owner in the drilling of this well, they are individuals, they are not an oil company. The data that we obtained from the operator, Murphy Oil Corporation, for this well has been submitted to a log expert for analysis. Today, I thought this Board would have before it, prior to motions of continuance, the question that I think will continue to face this Board until a firm policy is set on whether, what we do with acreage shown on maps to be outside of existing units. What will be the, what will be the rule established by this Board to either include or exclude those areas. I have no more than what's been presented to this Board to present, today. I think probably the operator, once this question has been raised, has looked at the matter carefully and I'm sure that they have a firm position to present. Before I can proceed further for my client, I have to turn to this Board for assistance. There's been no testimony given to this Board on the basis of the exhibit I referred to. It was presented trying to depict the overall picture in the

Fanny Church Field, which is, I'm sure the Board is aware, has been a matter of much concern insofar as the establishment of units. In the Murphy-Simmons well, the Board has recognized the principal that units would have to be altered to include areas not normally handled by our governmental quarter section, such as called for in the Special Field Rules. I had two options today, Mr. Chairman. One was to have an expert log analyst here to present his testimony. I was informed by the Board's Supervisor, because I wanted this matter before the Board when Exxon was concerned about doing the same thing in another field, to be laid on the table at one time. They have continued their matter. These are all the comments that I have concerning my clients position, but I think this Board has an obligation to the royalty owners, to my client, to assure yourselves that you have included all known productive areas in the units as established in the Fanny Church Field.

MR. JOINER: Mr. Watson, to clarify this just a moment, I believe you said the question is whether or not hydrocarbons that could be produced from the 36-3 well are being produced in the 36-2 well, is that correct?

MR. WATSON: Well, the hydrocarbons that have been encountered in the 36-3 well are producible through the 36-2.

MR. JOINER: Are producible through the 36-2 well?

MR. WATSON: That's correct.

MR. JOINER: That's the question?

MR. WATSON: Yes, sir. The 36-3 well, Mr. Chairman, did not have sufficient porosity and permeability, I'm aware of that, to complete a well there.

Also, I should point out to the Board that the operator of the 36-3 well, Murphy Oil Corporation, was not in a position at the time to put this production, had they completed the well there, into the cleansing plant as operated by Exxon in this area. That may have been, for whatever reasons Murphy had, they did not complete the well and one of those reasons was because that particular well was questionable, but, the point is that from that well bore to the north to the section line, there was 23 feet of scattered pay. I don't think anybody...

MR. JOINER: Mr. Watson, as far as the moving of hydrocarbons from wells to the cleansing plant, it is my understanding that when it was agreed to allow the Fanny Church production to be moved through the Flomaton plant, that provisions were made for all wells to be able to participate in this action, is that correct?

MR. WATSON: I wouldn't dispute that, I'm just not aware of that.

MR. JOINER: It was.

MR. FREEMAN: Mr. Chairman, I'd like to make a comment, if I may, sir.

CHMN. ADAMS: Go ahead.

MR. FREEMAN: The Board has before it a petition and we've heard a statement that's been made, but I fail to understand that there's any evidence in the form of sworn testimony or exhibits before the Board to make a decision.

MR. WATSON: I think I said, Mr. Freeman, that I did not intend to present that. I intended just to call to this Board's attention exhibits and testimony which had previously been presented to the Board and to incorporate that, if you will, by reference here, as this Board does so many times.

MR. FREEMAN: If we do that, I think we need to refer to specific exhibits or if you have numbers or hearings, or something, otherwise, I think it would be difficult to locate these.

MR. WATSON: The only exhibit that I'm going to refer to at this point is the August 28, 1975, hearing, and the exhibit filed there by Wilbur H. Knight, on the Fanny Church Field.

MR. FREEMAN: Do you have an exhibit number and a docket number?

MR. WATSON: I do not. I simply have a copy of the exhibit.

MR. HAMMOND: Mr. Chairman, excuse me, my name is Steve Hammond. I'm an attorney representing Exxon Corporation from New Orleans. We would object to the introduction of this exhibit into evidence at this time. The preparer of this exhibit is not available today to be subjected to cross-examination. Mr. Watson has stated to you in the past, just a few minutes ago, that no testimony has ever been taken on this exhibit concerning the units in question today. We would object to the Board accepting this kind of evidence that is not subject to cross-examination.

MR. WATSON: Mr. Hammond, I'll withdraw that. No problem. It's been presented to the Board. I call it to the attention of the Board and would trust that the Board would, if they would not receive this into evidence, direct that the staff review the matter that had been previously introduced in hearings before this Board concerning this field so as to determine whether there is data that would warrant a reconsideration of the units.

MR. HART: Mr. Chairman, if I may speak to Mr. Watson's comments just

a moment. My name is Jim Hart and I represent several royalty owners in the Bush 25-3 Unit and the Steely 36-2 Unit, which would be directly affected by Mr. Watson's proposed petition. Specifically, I represent...

CHMN. ADAMS: Where are you from, Mr. Hart?

MR. HART: Brewton, Alabama. Specifically, I represent Mr. John Douglas, Mr. Ray Loper, the Brown Foundation, Mr. Jimmy L. Bush, Mr. Ivor Gene Brantly and his wife, Mrs. Dora J. Steely, Tommy Steely, and Robert Steely, and also George W. Hart, Thomas E. McMillan, who are all royalty owners in these two wells. Mr. Chairman, if you will recall, the exhibit that Mr. Watson refers to by Mr. Wilbur Knight, I appeared before the Board in August of '75 representing the Simmonses in connection with the formation of that unit. Mr. Knight was a geologist who testified in support of that petition for my clients. However, the only testimony that was presented before the Board at that time had to do with the Murphy-Simmons unit, that was the only testimony that was, that was what we were here for then, it was the formation of the Murphy-Simmons unit. That was the only testimony that Mr. Knight presented, was this question of this permeability barrier and what was productive and what was not productive in the Simmons unit. Now I, Mr. Watson has stated, and he said in his petition that this Board has set a precedent with the Simmons unit. I think, Mr. Chairman will recall that we had extensive testimony concerning that unit at least four different meetings and that was an unusual situation because that particular unit was sandwiched in between the Little Escambia Creek Field and the Fanny Church Field. And as, Mr. Chairman will probably further remember, the operator admitted that



there was probable drainage, as I recall, from this 40 acres that was later placed in a unit. But that was an unusual situation on that particular well and that by no means set a precedent for the Fanny Church Field. Because this was acreage that was in between two productive fields. And I might add that I also object to the introduction of the exhibit because I don't think it was introduced at that time and had any affect on anything other than the Murphy-Simmons unit. Which that's what we were before the Board at that time for. I would further like to say on behalf of my client who are royalty owners, that these units were formed over three years ago. The Steely and Bush unit were formed in 1973 by orders of this Board on 160-acre spacing. And they have already gone in production. These wells have been in production some six months and what Mr. Watson asked in his petition is that 80 acres be taken out of a productive unit which has been proven to be productive. He's asking that 80 acres be taken out of it and 80 acres be put in a unit that's been proven nonproductive. He's already admitted it. And we submit that these royalty owners certainly have vested rights and it's mighty late in the day to be filing a petition in this regard, to remove these royalty owners from potential production. They have vested rights in these units, they may very well have made obligations based on the anticipated production out of this unit. And, plus the fact that they presented no testimony whatsoever to support this petition.

MR. WATSON: Mr. Chairman, in response to Mr. Hart's comments, and then I will sit down, I reiterate my point. There's nothing fixed, and I think this Board expresses this everytime you consider units. There's nothing fixed or final about

any unit established by this Board if subsequent data indicates that that area should not have been originally included in a unit. Long after units were established in Womack Hill, the federal court has held in this state that this Board has the authority to exclude areas previously included and to cease payments previously that had been made to people and to add people who were not originally in the units. I think in view of the situation here, Mr. Chairman, I would, first of all, request that the Board direct that the staff look into the matters on file, and I would ask that you continue this matter until your next regular hearing at which time we will come forth with our expert testimony from a log expert, and an engineer, and consider this matter at that time. If the Board feels that you do not have enough information previously filed or if the staff has not had enough time to look at this, I would so request.

CHMN. ADAMS: I think the Board agrees with you that we have the authority to reform based upon justification. But, unless we do have some justification, we have no authority to act do we?

MR. HAMMOND: Precisely, Mr. Chairman, there has been no new data submitted to this Board on Fanny Church that would justify reforming these units. So far as a continuance is concerned, Mr. Chairman, we would strenuously oppose continuing this matter. We have come prepared to make a presentation before this Board and we would very much like to be on record, we would like this matter disposed of once and for all today. We don't believe there is any justification whatsoever for continuing the matter another 30 days.

MR. WATSON: Mr. Chairman, I'll have absolutely no objections to Exxon putting on whatever they have today.

CHMN. ADAMS: We'll take a three-minute recess.

(Board was recessed for approximately 10 minutes)

CHMN. ADAMS: Let the record reflect that the Board is back in session.

Are there any other, is there anything else to offer on this matter?

MR. HART: Mr. Chairman, I'd like to introduce, if I might, a petition that has been signed by various royalty owners in these two wells, like to introduce that as an exhibit.

CHMN. ADAMS: Anything else?

MR. HART: I believe, Mr. Chairman, that there's been some letters already sent to the Board.

MR. JOINER: They've been sent, duly are entered into the record.

CHMN. ADAMS: Anything else?

MR. HAMMOND: Mr. Chairman, we are prepared to make a presentation of expert testimony to this Board this afternoon to lay this matter once and for all to rest. We would like that information to be entered on the record, if the Board is so disposed to hear it.

(Discussion between Board members)

CHMN. ADAMS: Mr. Watson, do you have anything further to present?

MR. WATSON: No, sir.

CHMN. ADAMS: On your petition?

MR. MCCORQUODALE: Mr. Chairman, if we don't have any evidence to be presented from the petitioner, I move, at this time, that that petition be denied.

CHMN. ADAMS: I second the motion. All in favor say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it. So ordered.

MR. WATSON: Mr. Chairman, I would like if I could to have Mr. Tucker present a statement to the Board, as possibly an emergency action by this Board.

CHMN. ADAMS: All right.

MR. FREEMAN: Mr. Chairman, excuse me, while we're waiting for the people to come up, what do you think about possibly approving the minutes that are on the docket there for May?

CHMN. ADAMS: Say that again.

MR. FREEMAN: Approving the minutes for May. That's, I believe, it's on the agenda, last item.

MR. MCCORQUODALE: You want us to approve them?

MR. FREEMAN: Appreciate it if you would.

CHMN. ADAMS: Approval of minutes of May? We're kind of delinquent.

MR. FREEMAN: They've been on the agenda about the last three or four meetings.

CHMN. ADAMS: We never approved them?

MR. FREEMAN: No, sir.

MR. MCCORQUODALE: I'll move that they be approved.

CHMN. ADAMS: I second the motion. All in favor say "aye".

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it, so ordered.

MR. MCCORQUODALE: Got your housekeeping chores taken care of.

MR. WATSON: Mr. Chairman, we had discussed briefly with Terra during your deliberations on our motion the possibility of excluding the area that Terra has an interest in, the additional ten sections. I think this Board under your emergency powers possibly could consider the gravity of the situation we're faced with, and I'm not prepared to give you those details, but Mr. Tucker is. And if you would hear him, remembering that we would, once you hear his needs for presenting this data today, then possibly I would style an oral emergency petition.

MR. TUCKER: If it please the Board, Mr. Chairman, we are making considerable plans and investments in the Fayette area for the rest of this year. I believe the pipeline connecting these wells is far more imminent than realized by Terra's counsel. We have the engineering plans drawn up for the pipeline, we have 125,000 feet of pipe in Birmingham coated and inspected, and we're ready to begin stringing that line along right of way and connecting up wells within the next ten days. As an important factor in this program is to decide what wells are going to be hooked up and how many units exactly we're going to have. Whether we're going to have two wells to the unit or one well to the unit at this time. This has to, because of the nature of the production in Fayette, we have to install central compressor stations, central dehydration stations, and it would greatly help us along the way to know ahead of time just what the ultimate field layout would be. We also have 1.8 million dollars budgeted for drilling in Fayette County for the remainder of this year. We feel like it's important that if the Board sees fit to grant us our petition that we immediately start drilling additional wells on the 320-acre units in order that once the wells go on stream

that we would not have some of the older wells draining these reservoirs and the newer wells not being completed or drilled. So, it's these two factors basically that has precipitated the immediate need of our field rule. We do not have records of official legal notification of our meeting, but we did talk with Mr. Jackson Barton on October 3 and informed...

MR. CROWE: Pardon me, may I interrupt one minute, Mr. Tucker, does this, is this a matter which affects the, I just came back in to sign and I heard Terra's name mentioned, is this a matter that affects the docket numbers or items No. 19 and 20?

MR. JOINER: Items Nos. 19 and 20 if those were Warrior's petitions, have already been acted upon as a continuance. These are statements that pertain to the West Fayette Field and you very well might be interested in listening.

MR. CROWE: Oh, I just heard Terra's name, I apologize for the interruption.

MR. TUCKER: Excuse me, we were asking the Board if we could go into an emergency session to get field rules covering the area that is presently under 640 and excluding the Terra outside acreage.

MR. CROWE: This is a new petition or a new, initial petition, or is this, which ...

MR. WATSON: Mr. Crowe, this is an emergency petition that we discussed with you and Mr. --this gentleman with Terra--possibly excluding from our petitions, and what we have Mr. Tucker doing now is to, trying to impress the Board with the gravity of the matter that we have some action today.

MR. JOINER: Mr. Crowe, this is not...

MR. CROWE: I really am confused.

MR. JOINER: This is not a petition. The Board has granted Mr. Tucker the courtesy of hearing some statements here concerning the gravity of his situation, in the West Fayette Field area. And that's where we are right now. This is not a petition. It very well may be background for an emergency petition they will present to the Board for their consideration. And, again, you might be interested in the statements Mr. Tucker makes.

MR. CROWE: I would like to see if I can catch the Terra people for we had no notice that Mr. Tucker was going to give this presentation and let them hear this too.

CHMN. ADAMS: If your party's concerned and interested in this, I think we could hold up a few minutes so you can catch them.

(Pause while Mr. Crowe brought in his people)

CHMN. ADAMS: Are you ready, Mr. Crowe?

MR. CROWE: Yes, sir.

MR. WATSON: Mr. Chairman, I'm not trying to play games. I stated at the end and before we presented the Johnson matter that I wanted to reserve some time on Mr. Tucker at the end.

MR. CROWE: I didn't, didn't hear that.

CHMN. ADAMS: Will you start over and say it again?

MR. TUCKER: There are two and possibly three factors that we feel is involved in immediately hearing the field rules to reduce spacing from 640 to 320. One is the

pipeline plans, which as I stated while Terra's counsel was out of the room, that we intend to commence construction within 10 days, and we would like to know the formation of the units prior to that to incorporate it into the design to, where we can set compressor stations, dehydration stations, in the field gathering system. The, also, the second factor would be to commence with the drilling program in West Fayette to drill the 320-acre new units in order that once the gas does go on stream that all wells and all areas will be produced simultaneously. Of course, there are other factors that play a role in this. Division orders have to be formed prior to the disposition of any funds from the proceeds of the gas sale. We need to know whether to form those division orders on 320 or 640 and we should have this ready once the pipeline is hooked up. So, these are some of the reasonings that we feel the pressing need to hear the petition. They're not insurmountable. They, the Board, at the pleasure of the Board, we will be pleased to attend any meeting that the Board sets up under any time that Terra's counsel desires. We do feel like these factors are important.

MR. JOINER: Mr. Tucker, a question here, I'm assuming now what we're leading up to is severing the added area that was requested for the field rules in your petition today. Severing that and proceeding with an action on an emergency basis for the existing field limits?

MR. TUCKER: Yes, sir.

MR. JOINER: The question here is, in your opinion, is the area where Terra has their interest and in which we have heard them express concern today, underlain by the same reservoir as existing field limits?



MR. TUCKER: Yes, sir, it's, we feel like the Terra wells are a productive extension of the field.

MR. JOINER: But would not any decision the Board took either on emergency or permanent basis also affect this area?

MR. TUCKER: It would if the productive extension clause is left in the order.

MR. JOINER: But as far as reservoir performance is concerned, if you had wells within the existing field limits on the 320 and had the same reservoir outside, they would almost have to be put on a 320 also...

MR. TUCKER: We feel in our testimony and expert opinion that we can present evidence to prove conclusively that it's desirable to have the West Fayette Field on 320 and also the productive extensions thereof on 320.

MR. JOINER: I believe that was the nature of your petition today which was continued. Answer please, when would you be ready to start your first well on a 320 basis in West Fayette?

MR. TUCKER: The, we're, rig wise, we would have a rig available in two weeks.

MR. JOINER: So ultimately then, in action, 30 days from now would delay you maybe two weeks in your drilling program. Will this have any adverse impact on a delay, would it have any adverse impact on your pipeline plans implementing...?

MR. TUCKER: Well, like I said, these aren't insurmountable problems. There's, we do have a definite time schedule to do different phases of design, engineering, and construction. And, that time schedule was set up on the basis of having this

hearing now and proceeding along that.

MR. JOINER: The question was, would there be any adverse impact on your pipeline planning? Right now?

MR. TUCKER: No. It would not make or break the pipeline situation.

MR. JOINER: Would it even change your plans as far as the pipeline?

MR. TUCKER: It would just delay it for the length of time that we have.

MR. JOINER: The delay would delay your pipeline plan? You're, you're going to lay the, are you going to lay the pipeline?

MR. TUCKER: We're going to lay the pipeline, period.

MR. JOINER: You're going to lay the pipeline period. Your'e proceeding with that?

MR. TUCKER: It would delay plans and whether these lines would be put into 320 or 640.

MR. JOINER: Right. Any questions from the staff? (No response)

MR. WATSON: Mr. Chairman, I might say considering this, and you have already directed us to do this. Speak to Mr. Crowe about it. If this is not proper, I think we'd like for you to seriously consider a special meeting on this.

MR. CROWE: I think, I'd like to say this, not that I don't love to come to Tuscaloosa, Mr. Chairman. I come all the time, quite a number of relatives here and a son in college here, but it would be extremely, from what, the gist of Mr. Tucker's narrative, I don't see that any damage is going to be done and the matter has been acted upon by the Board to lay it over to December 16. We just would like to have it

at least three or four weeks here to analyze this thing. And I learned as I was going out that there were several other leasehold owners in the area that were in opposition to this spacing pattern too. I think they have left now. And were wanting to attend. And I can't see that anybody is hung. I don't know who's laying the pipeline or whose pipeline it is, but certainly they can go forward with their, they are going to put a pipeline up there and those wells are going to produce on 640 or 320. And this matter of the reservoir characteristics, of course, is an important technical matter and we need adequate time to prepare for it.

MR. FREEMAN: Mr. Chairman, I'd like to make one comment if I may. The matters on the docket have been continued and I think some people, perhaps a number of people have left, and I don't believe we'd be able to have a special meeting and get it advertised much sooner than the next regularly scheduled meeting. Now, if the matters on the docket had been continued to a particular time, for a special meeting, that could have been anytime. But, now that some of the people may have left, I, I'd be very afraid that we might not have proper notice of any special meeting.

CHMN. ADAMS: The Board will consider the request for a special meeting and you will be notified of the decision at a later date.

MR. JOINER: Are we adjourned?

CHMN. ADAMS: Do I hear a motion to adjourn?

MR. MCCORQUODALE: I'll make that motion.

(Whereupon, at 12:12 P. M. the meeting was adjourned)

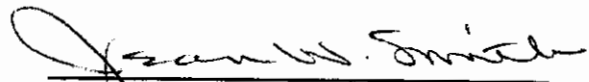
REPORTER'S CERTIFICATE

STATE OF ALABAMA        ◊

COUNTY OF TUSCALOOSA   ◊

I, Jean W. Smith, Hearings Reporter in and for the State of Alabama, do hereby certify that on Thursday, November 18, 1976, 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 90 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