

Approved
by Board 11-4-77
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12pm

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STATE OIL AND GAS BOARD OF ALABAMA

August 5, 1977

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 5th day of August, 1977.

BEFORE:

BOARD MEMBERS

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

BOARD STAFF

Mr. Thomas J. Joiner.....Acting Secretary & Supervisor
Mr. Kendall Hanby.....Assistant Supervisor
Mr. Richard Raymond.....Petroleum Engineer
Mr. H. Gene White.....Petroleum Engineer
Mr. Jay Masingill..... Geologist
Mr. Ken Wood.....Petroleum Engineer
Mr. Bob White..... Geologist
Mr. Charles Freeman..... Attorney

(Reported by Jean W. Smith)

APPEARANCES

	NAME	REPRESENTING
1.	Roy E. Wood Box 839 Oklahoma City, Oklahoma	Terra Resources, Inc.
2.	Robert O. Pruyn Box 50879 New Orleans, Louisiana	Amoco Producing Company
3.	Charles D. Haynes 100 College Ave. Jackson, Alabama	Belden & Blake
4.	W. E. Sistrunk Guin, Alabama	Skelton Operating Co., Inc.
5.	Gene Elston BNO Building 1010 Common St. New Orleans, Louisiana	Exchange Oil & Gas Corp.
6.	Conrad P. Armbrrecht II Mobile, Alabama	Exchange Oil & Gas Corp.
7.	Phil Fleming 1010 Common St. New Orleans, Louisiana	Exchange Oil & Gas Corp.
8.	R. M. Crowe Box 290 Mobile, Alabama	Terra Resources
9.	Warren L. Seal 1010 Common St. New Orleans, Louisiana	Exchange Oil & Gas Corp.

PROCEEDINGS

(The hearing was convened at 10:37 A.M., on
Friday, August 5, 1977, at Tuscaloosa, Alabama)

CHMN. ADAMS: Let the record reflect that the Board is now in session. Mr. Supervisor, has this meeting been properly advertised?

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

NOTICE OF MEETING

"The State Oil and Gas Board will hold its regular monthly meeting on Friday, August 5, 1977, 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. 7-8-771

Continued petition by Thomas Max Nygaard, individually, and Thomas Max Nygaard as Trustee, affecting the following described lands:

East Half of Northwest Quarter of
Section 10 and the West 7/8 of the
Southwest Quarter of Northeast Quarter
of Section 10 and the Southwest Quarter

of Northwest Quarter of Northeast Quarter of Section 10 and the West Half of Southeast Quarter of Northwest Quarter of Northeast Quarter of Section 10, All in Township 10 North, Range 3 West, in the West Barrytown Field, Choctaw County, Alabama, in the Smackover Formation,

requesting that the Board grant an order determining the cost of drilling, equipping and operating the Harkins & Company No. 1 Abston 10-6 well, West Barrytown Field, Choctaw County, Alabama.

"2. DOCKET NO. 7-8-773

Continued petition by Gibraltar Gas Corporation, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to reform a drilling unit in Lamar County, Alabama, in the Lower Nason and Lewis Formations, Petitioner alleging that Petitioner is the operator of the Gibraltar Gas Corporation No. 1 Day well, located in the SE/4 of the NE/4 of Section 12, Township 16 South, Range 16 West, Lamar County, Alabama, and that said well has been drilled and completed as a gas well in the Lower Nason and Lewis Formations and Petitioner alleges that the drilling of the said

well has revealed certain geological data which warrants the reformation of the said well and Petitioner further requests that the said well be reformed to consist of the North Half of Section 12, Township 16 South, Range 16 West, in the Lower Nason and Lewis Formations, Lamar County, Alabama, in the Star Field.

"3. DOCKET NO. 7-8-774

Continued petition by Gibraltar Gas Corporation, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to reform a drilling unit in Lamar County, Alabama, in the Upper Nason Formation and Petitioner alleges that Petitioner is the operator of the Gibraltar Gas Corporation No. 1 Cole Well, located in the NW/4 of the SE/4 of Section 12, Township 16 South, Range 16 West, Lamar County, Alabama, that said well has been drilled and completed as a gas well in the Upper Nason Formation and that the drilling of the said well has revealed certain geologic data which warrants the reformation of the said well and

Petitioner requests that the aforesaid well be reformed to consist of the South 1/2 of Section 12, Township 16 South, Range 16 West, in the Upper Nason Formation, Lamar County, Alabama, in the Star Field.

"4. DOCKET NO. 7-8-775

Continued petition by Gibraltar Gas Corporation, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to allow it to dually complete and operate the Royal McGee No. 1 Gas Well, Permit No. 2333, located in the NW/4 of the NW/4 of Section 18, Township 16 South, Range 15 West, Lamar County, Alabama, in the Lewis and Carter Gas Pools. All pursuant to Rule 5 of the Special Field Rules for the Star Field, Lamar County, Alabama.

"5. DOCKET NO. 7-8-777

Continued petition by Gibraltar Gas Corporation, a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to revise and amend the defined limits of the Star Field, Lamar County,

Alabama, so as to include Sections 8,17, 19, and 20 of Township 16 South, Range 15 West, Lamar County, Alabama, and to eliminate the requirement appearing in Rule 3 (a) of the Special Field Rules that every well drilled as a gas well be on a unit comprising approximately one-half of a regular governmental section so that, as amended, the said Rule 3(a) would only require that every well drilled as a gas well be on a unit which would lie totally within the confines of a rectangle 5,280 feet by 2,640 feet containing approximatey 320 contiguous acres upon which no other drilling or producible well is located in same reservoir and petitioner alleges that the drilling of certain wells has revealed certain geological data which warrants the reformation of the defined limits of the Star Gas Field, Lamar County, Alabama, and further alleges that the topography of the area is such that less environmental damage to the surface of the lands embraced within the Star Field, Lamar County, Alabama, and greater flexibility would be afforded to the operators in the said Star Field, if future wells in the field were drilled on drilling units as stated above.

"6. DOCKET NO. 7-8-7717

Continued petition by Terra Resources, Inc., a foreign corporation authorized to do and doing business in the State of Alabama with its principal place of business in Tulsa, Oklahoma, requesting the State Oil and Gas Board to enter an order amending the previously adopted Special Field Rules for the McCracken Mountain Field, Fayette County, Alabama, (consisting of all of Township 16 South, Range 12 West, and Sections 1 through 18, inclusive, of Township 17 South, Range 12 West, Fayette County, Alabama), so as to establish, define and include within said field, and all productive extensions thereof, an additional productive strata, the Carter Gas Pool, which is defined as those strata of the Carter Gas Pool productive of hydrocarbons in the interval between 3197 feet and 3220 feet in the dual induction log for the Terra Resources, Inc., M. E. Baines No. 1 Gas Well, located in the SW/4 of the SE/4 of Section 20, Township 16 South, Range 12 West, Fayette County, Alabama; and so as to permit dual completion of any wells in said

field in any combination of any two gas pools known and defined as the Lewis Sand Gas Pool, the Carter Gas Pool and/or the Millstone Grit Gas Pool. The Carter Gas Pool shall be subject to the same field rules as were heretofore adopted in said field for the Lewis Sand Gas Pool and the Millstone Grit Gas Pool.

"7. DOCKET NO. 7-8-7718

Continued petition by Terra Resources, Inc., a foreign corporation authorized to do and doing business in the State of Alabama with its principal place of business in Tulsa Oklahoma, requesting the State Oil and Gas Board to enter an order naming Terra Resources, Inc., as the operator of the Terra Resources, Inc., M. E. Baines No. 1 gas well, located in the SW/4 of the SE/4, Section 20, Township 16 South, Range 12 West, Fayette County, Alabama, in the McCracken Mountain Field, and reforming the above-described 40-acre unit on which said well is located into a drilling and producing unit consisting of approximately 320 acres comprised of the South 1/2 of Section 20, Township 16 South, Range 12 West, Fayette County, Alabama, for production of gas from the Carter Gas Pool

and the Millstone Grit Gas Pool as prescribed by and defined in Special Field Rules heretofore adopted for the McCracken Mountain Field, Fayette County, Alabama.

"8. DOCKET NO. 7-8-7719

Continued petition by Terra Resources, Inc., a foreign corporation authorized to do and doing business in the State of Alabama with its principal place of business in Tulsa, Oklahoma, requesting the State Oil and Gas Board to enter an order permitting Terra Resources, Inc., as the operator of the Terra Resources, Inc., M. E. Baines No. 1 Gas Well, located in a unit consisting of the South 1/2 of Section 20, Township 16 South, Range 12 West, Fayette County, Alabama, McCracken Mountain Field, to dually complete and simultaneously produce said well in said field from both the Carter Gas Pool and the Millstone Grit Gas Pool and from all productive extensions of both pools.

"9. DOCKET NO. 8-5-771

Petition by Union Oil Company of California, a foreign corporation authorized to do and doing

business in the State of Alabama, whose principal place of business is in Los Angeles, California, seeking an order of the Board establishing a gas drilling and producing unit comprised of Section 17, Township 1 South, Range 1 West, Mobile County, Alabama, in the Chunchula Field, as a productive extension thereof; designating and approving Petitioner as operator of said unit; and requiring the owners or claimants of all tracts and interests within said gas drilling and producing unit to integrate and pool their interests and to develop their interests in the above described lands as a gas drilling and producing unit in accordance with the Special Field Rules of the Chunchula Field and with the provisions of Title 26, Sec. 179(36) Code of Alabama (1940) (Recomp. 1958).

"10. DOCKET NO. 8-5-772

Petition by Exchange Oil and Gas Corporation, a foreign corporation authorized to do and doing business in the State of Alabama, seeking an order of the Board establishing a gas drilling and producing unit comprised of Section 11, Township

2 South, Range 2 West, Mobile County, Alabama, in the Chunchula Field, as a productive extension thereof; designating and approving Petitioner as operator of said unit; and requiring the owners or claimants of all tracts and interests within said gas drilling and producing unit to integrate and pool their interests and to develop their interests in the above described lands as a gas drilling and producing unit, all in accordance with the provisions of Title 26, Sec. 179(36), Code of Alabama (1940) (Recomp. 1958).

"Subsequent to the filing of the aforesaid petition, Petitioner filed a petition requesting the same relief in the form of an emergency order, said petition bearing Docket No. 8-5-776, and on July 14, 1977, the said petition was granted by Emergency Order No. E-77-124.

"11. DOCKET NO. 8-5-773

Petition by Exchange Oil and Gas Corporation, a foreign corporation authorized to do and doing business in the State of Alabama, seeking an order of the Board declaring the gas drilling

and producing unit comprised of Section 2, Township 2 South, Range 2 West, Mobile County, Alabama, to be a part of the Chunchula Field, in Mobile County, Alabama, as a productive extension thereof.

"12. DOCKET NO. 8-5-774

Petition by Belden and Blake Corporation, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the Board to make permanent Emergency Order No. E-77-94, promulgated by the Board on June 28, 1977, said emergency order allowing Petitioner to utilize the F.M. Johnson Unit No. 2 well, (Permit No. 136), located in the SW/4 of Section 4, Township 10 North, Range 3 West, Choctaw County, Alabama, as a salt water disposal well, in the Gilbertown Field.

"13. DOCKET NO. 8-5-775

Petition by Cleary Petroleum 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 force pooling tracts and interests in the East Half

of Section 19, Township 14 South, Range 11 West, Fayette County, Alabama, in the Hubbertville Gas Field and requesting that Petitioner be named operator of said unit.

"Petitions before the State Oil and Gas Board of Alabama must be represented in person by the Petitioner or his duly authorized agent. In the absence of such representation, the petition before the Board shall be subject to dismissal. Petitioners are advised to closely review the new rules of practice and procedure of the Board. Petitioners are particularly referred to Rule L-12 which concerns the preparation of notices. This rule requires that a proposed notice be filed along with each petition filed with the Board. Additionally, Petitioners are referred to Rule L-14 which, among other things, concerns the identification of exhibits and the number of such exhibits required. Petitioners are also referred to L-21 concerning the preparation of proposed orders, which is required of each Petitioner. Petitioners are advised that Rule L-5 concerning the form and content of pleadings, requires that the 'identification of any well or wells named in the petition shall include the permit number assigned

to each such well by the Board.'

"The public is advised that it is the intention of the Board in the future to strive to schedule all meetings on the first Friday following the first Thursday of each month. Petitioners are advised that in order to have a petition advertised and heard for any particular meeting such petition should be filed with the Board on the last Thursday before 21 days prior to such meeting. This means that petitions should be filed within approximately one week and sometimes two weeks after a meeting in order to be heard for the following meeting.

"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: Mr. Chairman, in accordance with past procedure, we will sound the docket. We will first take up the items requiring 15 minutes or less, items 15 minutes or more, and then the opposed items. Item No. 1, Docket No. 7-8-771. Mr. Chairman, this item, we have received written request for dismissal. If you would like to move on that, we will...

CHMN. ADAMS: Is there any objection to a dismissal?

(No response) Do I hear a motion to dismiss.

MR. MCCORQUODALE: I so move.

DR. MATHEWS: I second.

CHMN. ADAMS: All in favor say "aye".

(All Board members voted "aye")

CHMN. ADAMS: "Ayes" have it and that is dismissed without prejudice, Item 1.

MR. JOINER: Mr. Chairman, accordingly, for Items 2, 3, 4, and 5, we have received a request for continuance.

CHMN. ADAMS: Is there any objection to a continuance?

Any comments from any member of the audience on Items 2, 3, 4, and 5?

MR. SISTRUNK: Mr. Chairman, are these continued to September or October?

MR. JOINER: It will be the next regular meeting of the

Board for purposes of hearing items such as this, which to our knowledge, will be October right now.

CHMN. ADAMS: Any other comments? (No response) Do I hear a motion?

DR. MATHEWS: I so move.

MR. MCCORQUODALE: I second.

CHMN. ADAMS: All in favor say "aye".

(All Board members voted "aye".

CHMN. ADAMS: "Ayes" have it and Items 2, 3, 4, and 5 are continued.

MR. JOINER: Item 6, Docket No. 7-8-7717, continued petition by Terra Resources, Inc.

MR. CROWE: 15 minutes or less for Items 6, 7, and 8.

MR. JOINER: All right, Item 9--any opposition to--all right, Item 9, Docket No. 8-5-771, petition by Union Oil Company of California.

MR. CROWE: We would like to continue that until the next regularly scheduled meeting of the Board.

CHMN. ADAMS: Is there any opposition to continuance of Item 9? Is there any comment on Item 9? (No response) Do I hear a motion on Item 9?

DR. MATHEWS: I so move.

MR. MCCORQUODALE: I second.

CHMN. ADAMS: All in favor say "aye".

(All Board members voted "aye")

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

MR. JOINER: Item 10, Docket No. 8-5-772, petition by Exchange Oil and Gas Corporation.

MR. ARMBRECHT: 15 minutes or less. That would be the same for Item 11.

MR. JOINER: Item 11. Any opposition to Items 10 or 11? (No response) Item 12, Docket No. 8-5-774, petition by Belden and Blake Corporation.

MR. HAYNES: It will be 15 minutes or less.

MR. JOINER: Any opposition? (No response) Item 13, Docket No. 8-5-775, petition by Cleary Petroleum Corporation.

MR. WATSON: 15 or less.

MR. JOINER: This brings us to Item 6, Docket No. 7-8-7717.

DR. MATHEWS: Mr. Supervisor, can we consolidate Items 6, 7, and 8.

MR. CROWE: That would be our request that we do consolidate for hearing purposes Items 6, 7, and 8. We have one witness, Mr. Richard Brown, to be sworn.

MR. JOINER: Yes, sir, will you state your name for the record, please?

MR. BROWN: Richard Brown.

(Witness was duly sworn by Mr. Joiner)

MR. CROWE: At this time, Mr. Chairman, we would, this is the continued petitions of Terra Resources to establish field rules for the Carter Gas Pool in the McCracken Mountain Field, to reform a unit, and to allow for dual completion of a particular well. We would like at this time to incorporate, by reference, the testimony taken at the regular July meeting of the Board appearing in Items 15, 16, and 17, being Dockets Nos. 7-8-7717, 7-8-7718, and 7719.

RICHARD BROWN

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

DIRECT EXAMINATION

Questions by Mr. Crowe:

Q Now, Mr. Brown, are you employed by Terra Resources?

A Yes, I am.

Q Could you state for the record your position with Terra Resources?

A I'm development engineer.

MR. FREEMAN: Excuse me, Rae, you think you might need a ruling to incorporate...

CHMN. ADAMS: Your request is granted.

Q Are you familiar with the McCracken Mountain Field?

A Yes, I am.

Q And are you the same Mr. Brown that testified at the July hearing.

A Yes, I am.

Q And do you have a resume on file with the Board?

A Yes, I do.

Q Are you a petroleum engineer?

A Yes, that's correct.

Q Are you familiar with the petition of Terra to reform the M. E. Baines No. 1 well, located in a unit to consist of the South Half of Section 20, Township 16 South, Range 12 West?

A Yes, I am.

Q And are the allegations contained in that petition true and correct?

A Yes, sir, they are.

Q I'll show you the Exhibit No. 7 and ask you if that was prepared under your supervision.

A Yes, sir, it was.

Q Briefly, for the record, will you state to the Board what Exhibit No. 7 shows?

A Yes, sir. Exhibit No. 7 outlines the field limits of the McCracken Mountain Field, the existing unit outlines

for the Carter and Millstone Grit, I'm sorry, for the Millstone Grit and the Lewis Gas Pools, and also the proposed unit in the South Half of Section 20 for the Carter Gas Pool or the M. E. Baines No. 1.

Q Now which is the M. E. Baines? Is that...

A It is the well that is located in approximately the center of the Southeast Quarter of Section 20, 16 South, 12 West.

Q And it's what I would call an east-west unit, is that right?

A Yes, it is. The well is currently completed in the Carter and also in the Millstone Grit Gas Pool.

Q Does the South Half of Section 20, consisting of approximately 320 acres, as proposed in the petition, conform to the Special Field Rules?

A Yes, it does.

Q Can you tell the--well, let me withdraw that. These other lighter lines, what do they show? Do they show existing units?

A Existing units for either the Millstone Grit Gas Pool or the Lewis Sand Gas Pool. It had been previously adopted and approved by the Board.

MR. CROWE: All right. At this time we would like to offer into evidence Exhibit No. 7 as Terra's Exhibit No. 7.

CHMN. ADAMS: Exhibit No. 7 will be admitted into evidence.

(Whereupon, Exhibit No. 7 was received in evidence to the testimony of Richard Brown)

Q Can you tell us now, Mr. Brown, how much ownership or control that Terra has in the proposed M. E. Baines unit consisting of the South Half of Section 20?

A Yes, sir, Terra owns or controls 100 percent of the proposed unit area.

Q And is there on file in the records of this Board an affidavit of ownership or control?

A Yes, sir, there is.

MR. CROWE: At this time we would like to offer into evidence as Terra' Exhibit No. 8, and have it made a part of the record, the affidavit of ownership or control previously filed with the Board.

Q In your opinion, will the reformation of this Baines unit in the South Half of Section 20 prevent waste as that term is defined in the Alabama Code?

A Yes, sir, it will.

Q And will the reformation of the unit in that configuration promote the proper and timely development and production from the Carter Gas Pool?

A Yes, sir, in my opinion it will.

Q Now since the last hearing on these three petitions, have you received test data concerning the testing of a well located in the South Half of Section 20?

A Yes, sir, we have.

Q And I show you Exhibit No. 9 and ask you if you are familiar with it?

A Yes, sir, I am.

Q Is it a part of the records, regular business records, of Terra Resources?

A Yes, sir, it is and it is now on file with the Board.

Q Will you explain to the Board what Exhibit No. 9 is?

A Basically, Exhibit No. 9 is presented to include the test data for the Carter Gas Pool for the M. E. Baines well. The well was tested on June 29, 1977, for a period of 12 1/2 hours on a 3/4-inch adjustable choke. That stabilized daily gas rate was 300 MCF per day at a flowing tubing pressure of 50 psi.

Q Does this exhibit establish, or does this test data establish that the well located in the South Half of Section 20 is a gas well?

A Yes, sir, it does.

Q And is Exhibit No. 9 an official form of the State Oil

and Gas Board of Alabama?

A Yes, sir, it is.

Q And is it on file in the records of the Board?

A Yes, sir, it is.

MR. CROWE: At this time we would like to ask that Exhibit No. 9 for the M. E. Baines well be accepted into evidence as Exhibit No. 9 and made a part of this record.

CHMN. ADAMS: Exhibit 9 is accepted into evidence.

(Whereupon, Exhibit No. 9 was
received in evidence to the
testimony of Richard Brown)

Q Now I'm going to show you an exhibit marked as Exhibit No. 6, revised Exhibit No. 6, Mr. Brown, and ask you if it was prepared by you and under your supervision and control.

A Yes, sir, it was.

Q What changes have been made since the last hearing? If you will briefly explain that to the Board in revised Exhibit 6 from the prior exhibit.

A The basic changes in the revised Exhibit No. 6 as compared to the original Exhibit No. 6 are based on the test data that we introduced in Exhibit No. 9. The previous exhibit had test data from another field. Since the last hearing, the test data on the M. E. Baines well has become available to us. We've done engineering calculations and

reprepared Exhibit No. 6 on that basis. The basis of the Baines well test data.

Q Will you explain Exhibit No. 6 and the test data depicted therein to the Board?

A Yes, sir. The average porosity and water saturation, up at the top, are the same as previous Exhibit No. 6. The first change in the revised exhibit is the value for reservoir pressure at 1200 psi. That value was calculated from a shut-in tubing pressure on the M. E. Baines well on the date that the test as detailed in Exhibit 9 was run. And reservoir pressure was calculated in the Baines well to be 1200 psi. The net sand thickness in the drainage area as noted hereon are the same as previous Exhibit No. 6. The last item under reservoir data producing rate was substituted for the value in the earlier exhibit because that value was from another field. This rate is the same one that is detailed on Exhibit No. 9 and corresponds, time-wise to the shut-in pressure test for the reservoir pressure. The reserves are slightly different because of the difference in pressure. Initial gas in place calculated to be 345 MCF per acre foot based on the reservoir data detailed in the first part of the exhibit. Total gas in place is approximately

662,000,000 cubic feet per 320-acre unit. Calculated recovery is approximately 86 percent, and recoverable reserves are estimated at about 566,000,000 cubic feet. The economics are based on the reserves and on the producing rate as detailed above for an investment cost of \$220,000 for the Baines well and an initial gas price of \$1.43 is escalated in accordance with the note, and well life of 10 years, a 1/8 royalty, production tax of 6 percent, and operating cost of \$600 per month. The Baines well should generate a net profit of about \$582,000 to the 7/8 working interest owners. So it is a profitable venture.

MR. CROWE: At this time, we would like to ask the Board and make it part of this record all the exhibits, being Exhibits 1 through 6, which were marked and accepted in evidence at the July meeting of the Board.

CHMN. ADAMS: Your request is granted.

Q Based on the data which you have available as shown by Exhibits 1 through 9, do you have an opinion, Mr. Brown, as to whether one well will efficiently and economically drain 320 acres as proposed in the Special Field Rules for the Carter Gas Pool?

A Yes, sir, in my opinion, it would.

MR. CROWE: At this time we'd tender Mr. Brown to the Board and staff for any questions.

CHMN. ADAMS: Are there any questions from members of the staff?

EXAMINATION BY BOARD OR STAFF

MR. JOINER: Yes, sir. Mr. Brown, I believe the last meeting of the Board was the first time you have appeared before this Board?

MR. BROWN: That is correct.

MR. JOINER: And I recognize that you as a representative of Terra and just beginning to work in this area and before this Board and with the rules and regulations of this Board. I do know that the last meeting was July 5. The test date indicated on the form you submitted today is June 29. One of the problems with the presentation and with the Board being able to act on your petition at the last meeting was that this test data had not been incorporated into your testimony. As a matter of fact, it had not been submitted to the Board when in fact the reporting time that you may not have been aware of at that time had expired as of July 5 too. I think as you gain some experience with the rules and with the reporting requirements that it would be to your advantage, and certainly to the company's advantage, to get your reports in on a timely basis.

Now I have to, for the record, ask you when the report used here as your Exhibit 9 was actually transmitted to the Board or the staff?

MR. BROWN: It was transmitted yesterday, the 4th of August, 1977.

MR. JOINER: And which in fact is approaching one month late. Also approaching the time, such a short deadline prior to this meeting, the staff has not really had time to evaluate the results of the report.

MR. BROWN: I understand.

MR. JOINER: As supervisor of the staff, I feel that the recommendation to make to the Board at this time is that any action today should be take this matter under advisement and give the staff time to review the information presented here today, and if we see nothing wrong, which at this time we don't, then we can recommend an action to you in the next day or so.

CHMN. ADAMS: Is there any opposition or comment on the Supervisor's proposal?

MR. WOOD: Mr. Chairman, Roy Wood of Terra Resources. I would like to make a statement to the Board or to the staff. I'm the district production manager in Oklahoma City responsible for Alabama, and I don't want Mr. Brown to feel by himself in this notification that we are late in our reporting. We have

transmitted to the staff that we have just moved our office. We know that we've dropped the ball, and we intend to do better in the future.

CHMN. ADAMS: Thank you. Do I hear a motion?

MR. MCCORQUODALE: Mr. Chairman, I move that Items 6, 7, and 8 be taken under advisement with the contingency that the petitioner meet with the staff as requested.

DR. MATHEWS: I second.

CHMN. ADAMS: All in favor say "aye".

(All Board members voted "aye")

CHMN. ADAMS: The motion is carried and so ordered.

MR. CROWE: Thank you.

MR. JOINER: Mr. Chairman, the next item is Item 10, Docket No.8-5-772, petition by Exchange Oil and Gas Corporation. Will the Petitioner please come forward?

MR. ARMBRECHT: Mr. Chairman, I'm Conrad Armbricht from Mobile representing Exchange Oil and Gas Corporation. Before we start, I would like to consolidate this and the next item for the hearing if we can.

CHMN. ADAMS: 10 and 11?

MR. ARMBRECHT: 10 and 11.

CHMN. ADAMS: Is there any objection to the consolidation of Items 10 and 11? (No response)

MR. ARMBRECHT: I have three witnesses to testify on these three items if they could be sworn in.

MR. JOINER: Starting at this end, will you state your name for the record please?

MR. SEALE: My name is Warren Seal. I'm chief geologist for Exchange Oil and Gas.

MR. ELSTON: Gene Elston, chief engineer.

MR. FLEMING: Phil Fleming, petroleum landman.

(Witnesses were duly sworn by Mr. Joiner)

MR. ARMBRECHT: Mr. Chairman, let me briefly explain what these two items are. The first is to declare Section 2 part of the Chunchula Field. There is an existing gas well on this section. It has been completed. This section abutts the Chunchula Field on the north and east side, and so really just right up against the field as it now exists. It is in the same producing zone. Section 11 is up for an emergency--well, for an order force integrating it. And also to declare it a productive or force integrate it as a productive extension of the Chunchula Field. It is the section immediately south of Section 2 and abutts the Chunchula Field on one corner. An emergency order has been granted giving the relief requested for Section 11 and a well is currently drilling on that section. My first witness, Mr. Warren Seal, and everyone, I notice has a copy of

the booklets already. I'll ask, Charles, if you will mark them for identification please, and the exhibits are numbered 1 through 5. Mr. Seal has testified before this Board before concerning the Chunchula Field, and I ask that his qualifications as an expert geologist who is familiar with this field be accepted, and that Mr. Seal be accepted as an expert witness.

CHMN. ADAMS: He is accepted.

WARREN SEAL

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. Armbrecht:

Q Now, on Exhibit 1, Mr. Seal, was this exhibit prepared by you or under your direct supervision or control?

A Yes, it was.

Q Does this exhibit show what it is intended to show?

A Yes, it does.

Q Would you--well let me ask you first since we are in this part of this--was Exhibit 2 prepared by you or under your control?

A Yes, it was.

Q Does this exhibit show what it was intended to show?

A Yes, it does.

Q Would you please explain to the Board what these two exhibits show and why you think these two sections would be productive extensions of the Chunchula Field?

A If you will, please, look at Exhibit No. 1. This is a subsurface structural contour map in Chunchula Field. It's contoured on a 50-foot interval. The contour surface is the top of the Smackover interval. If you will notice Chunchula Field, the center of the field, the structurally high part, is roughly in the center of Township 1 South, 2 West, and the area we have producing and are asking the Board to include as a part of the field are Sections 2 and 11, which are on the south part of the field. As was previously mentioned, Section 2 well was just recently drilled. It is a productive well. It was logged and cored through the Smackover. If you will notice the panel display on the left of Exhibit No. 1, that is a 5 inch equals 100 foot copy of the dual induction laterolog of that well. I have identified the pertinent formations there. If you will notice, the Smackover top is at a measured depth of 18,502, a subsea of 18,291. We cored, we

recovered three conventional cores in this well. The first one from 18,500 to 535, the second one from 18,535 to 54, the third one from 18,572 to 18,601. In these cores and the subsequent log we were able to identify the Smackover zone, the porous and productive section of the Smackover zone, and were also able to identify the top of the Norphlet Sand, which was in the base of core No. 3. If you will notice also we perforated that well from the interval 18,530-42. The initial test on the well, initial potential, was at the rate of 1.1 million cubic feet of gas, 582 barrels of condensate, which had a gravity of 63 degrees, plus 33 barrels of water which had 177,000 parts per million of chloride. Choke size was 13/64 inch and the tubing pressure was 2465 pounds. If you will refer back to the structure map, I would like to note a correction. The datum was misprinted on this map and I corrected that this morning. I believe you all have corrected copies with that subsea point being 18,291. If you will notice this 18,291 point, it is 13 feet low to the Union of California-International Paper 35-7 No. 1, which is immediately to the north. It is a productive well and has been declared a part of the

Chunchula Field. The 2-6 also, if you will notice, is 66 feet high to the Exchange Oil and Gas 3-10 No. 1 Rascoe, which is a productive well from the same zone and has been and is declared a part of Chunchula Field. You might notice, or I might comment that the structural configuration that I am showing here on this map is based in part on the subsea rock tops, in part on dip meter information that I have projected into this level, and in part on some seismic data that we have in the field, which I do not show on this map but which has been used to make it. I would like to point out that in my opinion Section 2 is productive and by virtue of the fact that it is located between two wells that are already declared a part of the field. I also would like to point out that it's my opinion that Section 11 should be declared an extension of the field. I believe that the productive horizon that is producing in the No. 3 well, the Section 3 well, should be on strike and should be encountered at approximately the same depth in the well that is currently drilling in Section 11. I might note that on morning's report we were drilling at 10,150 feet. We are in our 15th day of drilling on this well. As a little further

explanation of my opinion, I would like you to refer to Exhibit No. 2, which is a small cross section, vertical scale 1 inch equals 100 feet. It has been hung on a subsea depth of 18,400 feet. The cross section goes from the productive well to the south of us, which is the Exchange No. 1 Rascoe Unit 3-10, it goes through the subject well under discussion before the Board today, the Exchange No. 1 International Paper Unit 2-6, and it also includes the well immediately to the north of us, the Union of California-No. 1 International Paper Unit 35-7. If you will, just kind of cast your eyes across the cross section, and you can see that in the lower part of the wells that have been drilled, the formations are generally uniform. Certainly geologically uniform. I have identified three of them, the Buckner salt and red shale interval, the Buckner Massive Anhydrite, the Smackover, and the Norphlet interval. The test rates for the three wells on this section are at the bottom of the logs. The Rascoe initial potential was 1323 MCF and 567 barrels condensate, 72 barrels of water, on a 16/64-inch choke, tubing pressure 1851, gravity 58.8. I might mention that yesterday this well produced 1200 MCF,

1220 barrels condensate, which had 64.2 gravity, 77 barrels of water, and 1500 pounds tubing pressure. The well under consideration, the Exchange 2-6, initially potentialized 1100 MCF and 582 barrels condensate, as I have previously stated. We are currently trying to bring the well back on to, put it on to line right now, and yesterday we flowed it six hours. The well is still coming on, cleaning up. It produced 200 MCF, 171 barrels of condensate, with 1900 pounds flowing tubing pressure. Finally, the IP on the Union of California 35-7 is shown at the bottom. It IP'd 1200 MCF, 960 barrels condensate with 15 barrels of water. Tubing pressure was 3554 pounds through an 11/64-inch choke. Based on the reservoir performance and the geology of the area, this is the facts that I'm basing my opinion on that Section 2 and Section 11 should be declared a part of Chunchula Field.

MR. ARMBRECHT: Any questions of Mr. Seal before we go on?

MR. JOINER: Not at the moment.

MR. ARMBRECHT: The next witness is Mr. Gene Elston. Mr. Elston has testified before the Board also concerning Chunchula Field and had qualified as an expert petroleum engineer, and I

would ask that he be accepted as an expert at this hearing.

CHMN. ADAMS: He is accepted.

MR. ARMBRECHT: Thank you, sir.

GENE ELSTON

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. Armbricht:

Q Now, Mr. Elston, you've prepared Exhibits 3, 4, and 5, or were they prepared under your control?

A Yes, they were.

Q Do these exhibits show what they are intended to show?

A Yes, they do.

Q Would you please explain to the Board what these exhibits show and why you think this well is a part of the Chun-chula Field?

A Yes. Exhibit 3 is a chromatographic analysis of a sample of gas collected from the International Paper 2-6 on July 11. The sample was tested at the laboratories of Stooksberry in Lafayette, and this report shows the various components in the gas stream and the mol percent

and the GPM of each constituent. This analysis is representative of other gas streams that have been analyzed in the Chunchula Field. There is really nothing extraordinary about it. It is representative of the average conditions in the field. It does show a small percent of H_2S . You will see at the bottom there a 1/100 of 1 percent, mol percent, H_2S in the sample. If you will turn to Exhibit 4, this is an analysis of the liquid recovered from the International Paper 2-6 well. This sample was also collected on July 11, and it's also representative of the typical well that we have seen in the Chunchula Field. It represents average conditions. Exhibit 5 is a bottom hole pressure report, which was run by Otis Engineering Corporation on the 25th of July. The bottom hole pressure extrapolated to the mid-point of the perforations at 18,537 feet is shown to be 8,330 pounds. This is also average conditions of Chunchula Field. There are some pressures higher and some lower, but it does indicate that it's average bottom hole pressure for the field. This pressure was taken after the two week shut-in period. After completion of the well and prior to putting it on production, and it is the first pressure that we've been able to run in this

portion of the field.

MR. ARMBRECHT: That I believe concludes the technical testimony concerning declaring these two sections a part of the field. The only other witness I have concerns the forced integration so if there are any questions now concerning the technical data.

MR. JOINER: No questions.

MR. ARMBRECHT: We'll move on to the next witness, and this time I get a speaking part, and I'm going to read a little bit so I won't forget. Our next witness is Mr. Phil Fleming. He has also testified before the Board previously and as an expert petroleum landman, and I would request that he be accepted as an expert for this hearing.

CHMN. ADAMS: He is accepted.

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. Armbrecht:

Q All right, sir. Mr. Fleming, you're responsible for land operations of Exchange in regard to the Chunchula Field, are you not?

A Yes, sir.

Q All right, sir. Are you familiar with the petition presently pending before this Board to force integrate Section 11, Township 2 South, Range 2 West?

A Right. Yes, sir, I am familiar with that.

Q Are the allegations of that petition true and correct?

A Yes, sir.

Q Does Exchange Oil and Gas Corporation own or have control of a majority of the minerals and the drilling and production rights in Section 11?

A We do control a majority.

Q What percent control do you have?

A 91.67 percent.

Q All right, sir. Are there any parties or possible claimants who might claim to own drilling and production rights with respect to a separate tract in Section 11 who have not agreed with Exchange to join in the drilling of a deep test gas well in that section?

A That's true.

Q What is the extent of the interest of this party?

A Possible outstanding interest is 8.33 percent.

Q All right, sir. You have contacted that party?

A Correct.

Q And offered them, and as of this date no, you have not reached a written agreement with these parties for the drilling of this well?

A That is correct.

Q All right, sir. Has this Board issued a drilling permit to Exchange to drill a deep test gas well in this drilling unit?

A Yes, sir, a permit has been issued and we are drilling as previously testified.

Q The well is currently drilling right now. Does the well comply with the Special Field Rules for the Chunchula Field?

A Yes, sir.

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

A Yes, sir.

Q In your opinion, would the granting of Exchange's petition in this matter prevent waste within the meaning of that term as defined in the statute?

A Yes, sir, it would.

Q Would the granting of this petition, in your opinion, protect the coequal and correlative rights of all parties in this section?

A Yes, sir.

MR. ARMBRECHT: I have no further questions.

CHMN. ADAMS: Any questions by the staff?

EXAMINATION BY BOARD OR STAFF

MR. JOINER: I have one question, Mr. Chairman. Mr. Fleming, you mentioned the 8.3 outstanding, 8.3 percent outstanding interest, you mentioned that you had contacted them. Did you make them an offer?

MR. FLEMING: I sent them leases.

MR. JOINER: You offered to lease their land?

MR. FLEMING: They are an operator. It's a company that controls the lease.

MR. JOINER: I see. So you did ask them to join with you in an operating agreement?

MR. FLEMING: Yes, sir. I mailed them an operating agreement for their execution.

MR. ARMBRECHT: I might add, Mr. Supervisor, that we're still negotiating with these parties and may, at some time in the future, reach an operating agreement with them.

MR. FLEMING: We are proceeding toward, you know, trying to get everything squared away...

MR. ARMBRECHT: Right now we don't have a signed agreement at this point in time and of course the rig being down and available...

MR. JOINER: The operating agreement you're negotiating is on the same par, equal to or better than agreements you've negotiated with others?

MR. ARMBRECHT: We've offered them as good a deal as anybody else in the section?

MR. FLEMING: Right. Yes, sir.

MR. RAYMOND: Mr. Armbrecht, would you please enlighten the Board and hopefully clear the record up a little more and explain why the permit was issued and now you're coming back with an emergency order?

MR. ARMBRECHT: Well, originally we petitioned the Board for an emergency order because we had a drilling rig available to drill this well, and if I'm correct, Phil, it was the Section 2 rig, and so when we completed the well in Section 2, we sent out a joint operating agreement to this other party who controls this 8 percent, approximately 8 percent, in the unit, and couldn't reach an agreement on all of the terms of

this joint operating agreement, and so with the rig being available and paying day rates for these rigs, which run about \$1500-3500 a day and having it there where you can either hold it or let it go and then not have a rig to drill this section, it was necessary to move immediately onto this section, so we petitioned for an emergency order. That was granted and then a permit was issued afterwards. I believe that's straight. Or there may have been a permit issued...

MR. RAYMOND: I believe possibly the permit was issued prior to the company realizing it did not control 100 percent.

MR. ARMBRECHT: Unfortunately, while Phil was out of town, someone sent in an affidavit of ownership or control along with the permit alleging they had control. As soon as we discovered that had happened, we called the Board and said, "We do not have control," and asked that we have an emergency order.

MR. FLEMING: In addition an affidavit of ownership should have been filed.

MR. ARMBRECHT: A new affidavit of ownership, I thought, has been submitted.

CHMN. ADAMS: Is there anything else from anybody?
(no response)

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

in Item 10 be granted with the stipulation that the force intergration be subject to the force integration rule to be promulgated by the Board in the near future.

DR. MATHEWS: I second.

CHMN. ADAMS: All in favor say "aye".

(All Board members voted "aye")

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

MR. ARMBRECHT: Thank you, sir.

MR. MCCORQUODALE: Mr. Chairman, I move that the petition in Item 11 be granted.

DR. MATHEWS: I second.

CHMN. ADAMS: All in favor say "aye".

(All Board members voted "aye")

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

MR. JOINER: Item 12, Docket No. 8-5-774, Petitioners please come forward. Are you going to be it?

MR. HAYNES: I'm it.

MR. JOINER: Lawyer, engineer... All right, we'd better swear you in. State your name for the record please.

MR. HAYNES: Charles D. Haynes.

(Witness was duly sworn by Mr. Joiner)

CHMN. ADAMS: Would you tell us if you're a lawyer, engineer, or geologist?

CHARLES D. HAYNES

MR. HAYNES: An engineer, sir. I have testified before the Board in the past at irregular intervals as an expert petroleum engineer, and I ask that the Board accept my qualifications.

CHMN. ADAMS: They are accepted.

MR. HAYNES: This petition and supporting information has been submitted to the Board at the request of the State Oil and Gas Board staff. When Belden and Blake acquired certain assets in Gilbertown Field, it was discovered by the staff that certain paperwork hadn't been completed, and among this paperwork was the right to utilize the F. M. Johnson Unit No. 2 as a salt water disposal well. It had been used as a disposal well by the previous owner, and we were utilizing it, so this is an attempt to clear the paperwork, if you will, to allow us to continue utilizing this well which is integral to the operation of the field. I had submitted 10 copies of this already to the Board. I don't have anymore to pass out today.

DR. MATHEWS: Mr. Chairman, maybe I could expedite this matter by just a question or two. I understand that you've got an emergency order to operate this salt water disposal well, you have been operating it, and you're now operating it. I further understand that the staff has no questions about this operation. That they are of the opinion that it is operating

properly and the only issue before this Board is making permanent that emergency order, and that there is no opposition either in the staff or at this public hearing to that. Are those the facts in this case?

MR. HAYNES: As I understand them, that is correct.

DR. MATHEWS: If those are the facts in the case, and if I correctly understand the position of the staff...

MR. JOINER: We have one depth value that needs to be clarified.

MR. HANBY: Mr. Haynes, on the petition the depth 3630 as the proposed injection interval is referred to under Item 3, and under Item 5 it is referred to as 3600 rather than 3630. Which of those depths is the proper depth?

MR. HAYNES: The 3630 would be more near. Actually the top of the perforated interval being used right now is 3639 to be specific. I noticed that discrepancy. So we would continue to use this well as it stands, so the top of the perforated interval there is 3639, so you could correct your records in all respects.

MR. HANBY: 3639?

MR. HAYNES: Right.

MR. HANBY: Thank you.

MR. FREEMAN: MR. Chairman, if I might ask one question. Mr. Haynes, are the allegations contained in your petition that we're hearing today true and correct?

MR. HAYNES: To the best of my knowledge, yes, sir.

MR. FREEMAN: All right, sir, I have no further questions.

DR. MATHEWS: Mr. Chairman, if the position is, our understanding is correct as I have stated it, and if this is the end of the questioning on technical and legal matters, then I move that the petition be granted.

MR. MCCORQUODALE: I second the motion.

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

(All Board members voted "aye")

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

MR. HAYNES: Thank you.

MR. JOINER: Item 13, Docket No. 8-5-775, petition by Cleary Petroleum Corporation. Petitioner please come forward.

MR. WATSON: I would like to be sworn please.

MR. JOINER: All right, state your name for the record please.

MR. WATSON: Tom Watson.

(Witness was duly sworn by Mr. Joiner)

CHMN. ADAMS: You're entitled to all the amenities that everybody else is, Mr. Watson...

MR. WATSON: Thank you. This matter before the Board, Cleary Petroleum Corporation has requested a forced pooling or forced integration order for the East Half of Section 19. This is in the Hubbertville Gas Field. The reason I wanted to be sworn, I have had transmitted to me by telephoto copy or some sophisticated Bell Telephone System an affidavit that I would like to read into the record concerning this matter, and I do know that this is correct.

CHMN. ADAMS: You're acting in the capacity of a lawyer and a witness?

MR. WATSON: Yes, sir. Cleary Petroleum Corporation, Terra Resources, Warrior Drilling, and APCO have executed a joint operating agreement with Cleary Petroleum Corporation naming Cleary as operator for the drilling of a well in the East Half of Section 19, Township 14 South, Range 11 West, Fayette County, Alabama. These parties have leased and do control 291.096135 acres or 90+ percent of the East Half of Section 19. At the present time there are three tracts that are not entirely under control of these parties. We're calling those tracts A, which is 10.7667 acres that is unleased, Tract B

16.137 acres unleased, Tract C 2 acres unleased. Record title ownership of Tract A is in the name of Jessie B. Nevel. Mr. Nevel died in 1901. The parties have leased 29.233 acres from Mr. Nevel's heirs. Cleary is unable to locate the remaining heirs except for Leon Sidney Brown, William Edward Brown, and Earnestine Brown Welch whom Cleary is attempting to lease. Record title ownership of Tract B is in the name of J. T. McCaleb. Mr. McCaleb died in 1918 leaving 11 children, 10 of which are now deceased. The said parties have leased 34.8+ acres from Mr. McCaleb's heirs but are unable to locate the remaining heirs. Record title in Tract C is in the name of Johnny P. Hubbert, Gary Hubbert, and Valerine Hubbert. At this time Cleary is negotiating with them to lease their interests. It is our opinion that the parties have been diligent in efforts to locate and take leases from all parties who own an interest in the East Half of Section 19, and we respectfully request the Board to approve this petition force pooling these interests. I might say that we are aware of and I am fully aware this morning of the new rule proposed by the Board on forced pooling, and this request is made recognizing that the order would be subject to any rule promulgated by this Board concerning force pooling of interests. And I would submit to the Board as an

exhibit in this matter the letter that I have just read to you plus an affidavit of qualifications of the attorney in Oklahoma who sent that.

MR. FREEMAN: Mr. Watson, do you have other witnesses, expert witnesses?

MR. WATSON: I do not. I might say, Mr. Chairman, that in matters--let me wait until you act on this matter and then I would like to address the Board on forced pooling.

CHMN. ADAMS: What was your request, Mr. Watson?

MR. WATSON: I would ask that you grant my petition force integrating this interest.

MR. FREEMAN: Let me at least ask this. Mr. Watson, are the matters contained in the petition we're hearing here true and correct?

MR. WATSON: They are and it's a sworn petition.

MR. MCCORQUODALE: Subject to any rules that the Board may promulgate with regard to force integration, I move that the petition be granted.

DR. MATHEWS: I second.

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

(All Board members voted "aye")

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

MR. WATSON: Mr. Chairman, with the special meeting coming

up on forced pooling of interests, I might just suggest to the Board at this time, since I've handled a few of these, and setting matters up such as this, you might consider, I notice the rule particularly is addressed to where companies have an outstanding interest that is unleased. In this case you will see that there are individuals who have not been leased or contacted or who are unknown. In those cases affidavits such as this, you might consider affidavits that would set out the interests from the landman, and it might expedite matters before this Board if those were presented. And where we are trying to control costs, it would be helpful to the oil company and to these people who are being forced pooled who have to pay a pro rata share of this cost, if we could expedite this matter such as we've tried to do here this morning. Thank you.

MR. JOINER: Mr. Chairman, I believe that concludes the items on the agenda.

CHMN. ADAMS: Is there anything else to come before the Board? (No response) Do I hear a motion to adjourn?

MR. MCCORQUODALE: I so move.

DR. MATHEWS: I second.

CHMN. ADAMS: All in favor say "aye".

(All Board members voted "aye")

CHMN. ADAMS: "Ayes" have it we are hereby adjourned.

(Whereupon, at 11:32 A.M. the hearing
was adjourned)

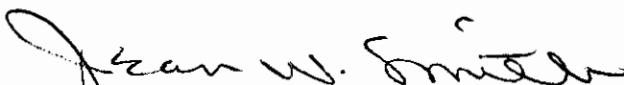
REPORTER'S CERTIFICATE

STATE OF ALABAMA ()

COUNTY OF TUSCALOOSA()

I, Jean W. Smith, Hearings Reporter in and for the State of Alabama, do hereby certify that on Friday, August 5, 1977, 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 53 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