

Approved
by Board
11-2-79

OK 10/24/79
10/25/79

INDEX

| | WITNESS | DIRECT EXAM. | CROSS EXAM. | EXAMINATION BY BOARD OR STAFF |
|----|--------------|--------------|-------------|----------------------------------|
| 1. | Douglas Behm | 25-26 | -- | -- |

EXHIBITS

| TITLE | DESCRIPTION | OFFERED | RECEIVED |
|---------------------------------|--|---------|----------|
| Exhibit No. 1 (Moon & Hines) | Affidavit of E. R. Hines, Jr. | -- | -- |
| Exhibit No. 1 (Douglas Behm) | Structure map top of 25 Bangor Limestone, Davis Chapel Field extension | | 25 |
| Exhibit No. 2 (Douglas Behm) | Net pay isopach of total Carter Sandstone Davis Chapel Field extension | 25 | 25 |

Rob. 354
11-17-79

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

October 5, 1979

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 October, 1979.

BEFORE:

BOARD MEMBERS

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

BOARD STAFF

Mr. Thomas J. Joiner.....Secretary & Supervisor
Mr. Ken Hanby..... Assistant Supervisor
Mr. Charles Freeman..... Attorney
Mr. Jay Masingill.....Geologist
Mr. Phil Meadows.....Geologist
Mr. Wayne Payton.....Geologist
Mr. John Carey.....Attorney
Mr. Mark Wyatt..... Southern Regional Supervisor

(Reported by Jean W. Smith)

APPEARANCES

| NAME | REPRESENTING |
|---|--|
| 1. C. D. Haynes Tuscaloosa, Alabama | Belden & Blake |
| 2. J. M. Vitale Canton, Ohio | Belden & Blake |
| 3. Pete Yates Tuscaloosa, Alabama | Law Center |
| 4. Doug Behm Tuscaloosa, Alabama | Warrior Drilling & Engineering Co., Inc. |
| 5. Thomas Holley Tuscaloosa, Alabama | Warrior Drilling & Engineering Co., Inc. |
| 6. Michael Hamar Mobile, Alabama | Terra Resources, Inc. |
| 7. Doug Key Jasper, Alabama | Energy Explorations, Inc. |
| 8. Charles Gilmer Sulligent, Alabama | Lamar Realty Company |
| 9. Tom Watson Tuscaloosa, Alabama | Belden & Blake |
| 10. Steve Harrison Tuscaloosa, Alabama | Moon & Hines |
| 11. Donn Young | Patrick Petroleum Corp. |

PROCEEDINGS

(The hearing was convened at 10:15 A.M.
on Friday, October 5, 1979)

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

MR. JOINER: Mr. Chairman, the meeting has been properly advertised and a copy of the notice of the meeting is herewith transmitted to the recording secretary.

NOTICE OF MEETING

"The State Oil and Gas Board will hold its regular monthly meeting on Friday, October 5, 1979, 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 petitions and applications:

"1. DOCKET NO. 9-7-796A

Continued petition, as amended, 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 Board to enter an order amending the previously adopted Special Field Rules for the Blooming Grove Field,

Lamar County, Alabama, so as to amend Rule 1 of the said field rules in order to add thereto and establish as part of said field Sections 35 and 36, Township 14 South, Range 14 West; Sections 29, 30, 31, and 32, Township 14 South, Range 13 West; Sections 1 and 2, Township 15 South, Range 14 West; Sections 3, 4, 5, 6, 7, 8, 9, 10, 15, 16, 17, and 18, Township 15 South, Range 13 West, Fayette and Lamar Counties, Alabama, underlain by the Gilmer Sand Gas Pool. The Board, by Order No. 79-115 at its regular hearing on September 7, 1979, established and defined the Gilmer Sand Gas Pool as part of said field, Sections 11, 12, 13, and 14, Township 15 South, Range 14 West, Lamar County, Alabama, underlain by the said Gilmer Sand Gas Pool, having then been added to said field at said hearing, this petition having at that time been granted with regard to the immediately aforesaid sections and continued to this meeting with regard to the other aforesaid sections, the said Gilmer Sand Gas Pool having been established and defined at that time and it now being the request of Petitioner to add the other aforesaid sections, with

regard to the said Gilmer Sand Gas Pool, and all productive extensions thereof, to said field, making the said Special Field Rules applicable thereto.

"2. DOCKET NO. 10-5-791

Petition by Belden & Blake Oil Production. Petitioner describes itself as a sole proprietorship. However, the Organizational Report on file with the Board appears to indicate the same as a partnership. Petitioner requests an order to commingle production from wells producing from the Eutaw and Lower Tuscaloosa Formations in an unofficially named field or area known as the South Carlton Field from wells in said area or field. The petition did not state the location of said area or wells; however, a proposed notice submitted by Petitioner stated that "Such leases are located in Sections 3 and 10, Township 3 North, Range 2 East, Clarke County, Alabama." Petitioner further requests that production from other wells producing from said pools in said field or area be allowed to be commingled upon approval of and at the direction of the Supervisor as an exception to Statewide Rule D-1,

apparently within said sections as no other sections are mentioned in said notice or petition.

"3. DOCKET NO. 10-5-792

Petition by Moon & Hines, a partnership 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 South Half of Section 12, Township 13 South, Range 15 West, Lamar County, Alabama, in the Beaverton Field.

"4. DOCKET NO. 10-5-793

Petition by Pruet Production Co., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to amend the Special Field Rules for the Star Field, Lamar County, Alabama, so as to define the Millerella Limestone Gas Pool; to amend the well spacing rules for said field; and to establish an allowable rule for all pools in said field similar to that allowable rule promulgated by the Board in Order No. 79-4 which is based on 60 percent of well deliverability.

"5. DOCKET NO. 10-5-794

Petition by Warrior Drilling & Engineering Co., Inc., to amend Rule 1 of the Special Field Rules for the Davis Chapel Field so as to add Sections 2 and 11, Township 15 South, Range 11 West, Fayette County, Alabama, to the area included within said field.

"6. DOCKET NO. 10-5-795

Petition by Anderman Operating 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 approving an exceptional location for a well to be drilled 330 feet from the South line and 1000 feet from the East line, Section 32, Township 14 South, Range 12 West, Fayette County, Alabama, as a productive extension of the Musgrove Creek Field. The proposed unit for said well would consist of the East Half of said Section 32, and said exceptional location is being requested for topographical as well as geological reasons.

APPLICATIONS FOR NATURAL GAS POLICY ACT
OF 1978 (NGPA) WELL STATUS DETERMINATIONS

"7. DOCKET NO. 7-6-792PD

Continued application by Skelton Operating Co., Inc.,

for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the S. H. Gilmer No. 1 Well (Permit No. 1425), Section 18, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"8. DOCKET NO. 7-6-793PD

Continued application by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the S. H. Gilmer No. 3 Well (Permit No. 1920), E/2 of Section 18, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"9. DOCKET NO. 7-6-794PD

Continued application by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the S. H. Gilmer No. 4 Well (Permit No. 2191), Section 17, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"10. DOCKET NO. 7-6-795PD

Continued application by Skelton Operating Co.

Inc., for new natural gas determination under Section 102(c) (1) (C) (new onshore reservoir) of the NGPA for the Dorothy W. Gilbreath No. 1 Well (Permit No. 2024), S/2 of Section 32, Township 13 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"11. DOCKET NO. 7-6-796PD

Continued application by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c) (1) (C) (new onshore reservoir) of the NGPA for the Airline Mfg. Co., No. 1 Well (Permit No. 2018), W/2 of Section 4, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"12. DOCKET NO. 7-6-797PD

Continued application by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c) (1) (C) (new onshore reservoir) of the NGPA for the Jesse Frye No. 1 Well (Permit No. 1958), W/2 of Section 7, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"13. DOCKET NO. 7-6-798PD

Continued application by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the Lucas-Waldrop No. 1 Well (Permit No. 1933), E/2 of Section 7, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"14. DOCKET NO. 7-6-799PD

Continued application by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the Vista Mae Gilmer No. 1 Well (Permit No. 1968), Section 8, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"15. DOCKET NO. 7-6-7910PD

Continued application by Skelton Operating Co. Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the Vista Mae Gilmer No. 3 Well (Permit No. 2112), Section 5, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"16. DOCKET NO. 7-6-7911PD

Continued application by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the Vista Mae Gilmer No. 4 Well (Permit No. 2210), Section 5, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"17. DOCKET NO. 7-6-7912PD

Continued application by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the Orien Gilmer No. 1 Well (Permit No. 2099), Section 8, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"18. DOCKET NO. 7-6-7913PD

Continued application by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the Leila Ogden No. 1 Well (Permit No. 2104), Section 8, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"19. DOCKET NO. 7-6-7914PD

Continued application by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the Leila Ogden No. 2 Well (Permit No. 2110), Section 8, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"20. DOCKET NO. 7-6-7915PD

Continued application by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the Mamie Hill No. 2 Well (Permit No. 2117), Section 5, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"21. DOCKET NO. 7-6-7916PD-A

Continued application, as amended, by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the Orlan Lucas No. 1 Well (Permit No. 2366), W/2 of Section 18, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"22. DOCKET NO. 7-6-7917PD

Continued application by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the F. C. Hollis No. 2 Well (Permit No. 2386), Section 5, Township 14 South, Range 14 West, Lamar County, Alabama, in the Fairview Field.

"23. DOCKET NO. 7-6-7918PD-A

Continued application, as amended, by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the Delaney-Spruiell No. 1 Well (Permit No. 2378), W/2 of Section 35, Township 12 South, Range 15 West, Lamar County, Alabama, in the Beaverton Field.

"24. DOCKET NO. 7-6-7919PD

Continued application by Skelton Operating Co., Inc., for new natural gas determination under Section 102(c)(1)(C) (new onshore reservoir) of the NGPA for the Weyerhaeuser No. 1 Well (Permit No. 2677), E/2 of Section 1, Township 13 South, Range 15 West, Lamar County, Alabama, in the Beaverton Field.

"25. DOCKET NO. 10-5-791PD

Application by Anderman Operating Company for new natural gas determination under Section 102 (c) (1) (C) (new onshore reservoir) of the NGPA for the Frances Thomas #7-15 Well (Permit No. 2640), E/2 of Section 7, Township 16 South, Range 15 West, Lamar County, Alabama, in the Star Field.

"26. DOCKET NO. 10-5-792PD

Application by Exchange Oil & Gas Corporation for new natural gas determination under Section 107 (high cost natural gas) of the NGPA for the Janice G. Gatwood, et al 11-7#1 Well (Permit No. 2383), Section 11, Township 2 South, Range 2 West, Mobile County, Alabama, in the Chunchula Field.

"27. DOCKET NO. 10-5-793PD

Application by Exchange Oil and Gas Corporation for new natural gas determination under Section 107 (high cost natural gas) of the NGPA for the International Paper Company Unit 2-6 Well No. 1 (Permit No. 2357), Section 2, Township 2 South, Range 2 West, Mobile County, Alabama, in the Chunchula Field.

"28. DOCKET NO. 10-5-794PD

Application by Exchange Oil and Gas Corporation for new natural gas determination under Section 107 (high cost natural gas) of the NGPA for the Wright-Turner Unit 3-10 Well No. 1 (Permit No. 2642), Section 3, Township 1 South, Range 2 West, Mobile County, Alabama, in the Chunchula Field.

"29. DOCKET NO. 10-5-795PD

Application by Exchange Oil and Gas Corporation for new natural gas determination under Section 107 (high cost natural gas) of the NGPA for the Annie M. Hill Unit 8-10 Well No. 1 (Permit No. 2433), Section 8, Township 1 South, Range 2 West, Mobile County, Alabama, in the Chunchula Field.

"30. DOCKET NO. 10-5-796PD

Application by Exchange Oil and Gas Corporation for new natural gas determination under Section 107 (high cost natural gas) of the NGPA for the Annie M. Hill Unit 4-10 Well No. 1 (Permit No. 2476), Section 4, Township 1 South, Range 2 West, Mobile, County, Alabama, in the Chunchula Field.

"31. DOCKET NO. 10-5-797PD

Application by Southland Royalty Company for new

natural gas determination under Section 102(c)
(1)(B)(new onshore well) of the NGPA for the D. W.
Strawbridge 33-14 #1 Well (Permit No. 2471), Section
33, Township 12 South, Range 15 West, Lamar County,
Alabama, in the Beaverton Field.

"32. DOCKET NO. 10-5-798PD

Application by Southland Royalty Company for new
natural gas determination under Section 102(c)(1)
(B)(new onshore well) of the NGPA for the Lee
Mixon 12-3 #1 Well (Permit No. 2402), Section 12,
Township 13 South, Range 15 West, Lamar County,
Alabama, in the Beaverton Field.

"33. DOCKET NO. 10-5-799PD

Application by Southland Royalty Company for new
natural gas determination under Section 102(c)(1)
(B)(new onshore well) of the NGPA for the W. A.
Austin 9-1 #1 Well (Permit No. 2561), Section 9,
Township 13 South, Range 15 West, Lamar County,
Alabama, in the Beaverton Field.

"34. DOCKET NO. 10-5-7910PD

Application by Southland Royalty Company for new
natural gas determination under Section 102(c)
(1)(B)(new onshore well) of the NGPA for the

Floyd White 7-12 #1 Well (Permit No. 2482),
Section 7, Township 13 South, Range 14 West,
Lamar County, Alabama, in the Beaverton Field.

"35. DOCKET NO. 10-5-7911PD

Application by Southland Royalty Company for
new natural gas determination under Section
102 (c) (1) (B) (new onshore well) of the NGPA
for the J. F. Holley 32-8 #1 Well (Permit No.
2529), Section 32, Township 12 South, Range 15
West, Lamar County, Alabama, in the Beaverton
Field.

"36. DOCKET NO. 10-5-7912PD

Application by Southland Royalty Company for new
natural gas determination under Section 102(c)
(1) (B) (new onshore well) of the NGPA for the D. J.
Loggins 4-9 #1 Well (Permit No. 2415), Section 4,
Township 13 South, Range 15 West, Lamar County,
Alabama, in the Beaverton Field.

"37. DOCKET NO. 10-5-7913PD

Application by Southland Royalty Company for
new natural gas determination under Section 102
(c) (1) (B) (new onshore well) of the NGPA for the
Crump #35-1 Well (Permit No. 2123), Section 35,

Township 12 South, Range 15 West, Lamar
County, Alabama, in the Beaverton Field.

"Petitions before the State Oil and Gas Board of Alabama must be represented in person by the Petitioner or a duly authorized agent or attorney. In the absence of such representation, the petition before the Board shall be subject to dismissal. Petitioners and Applicants are advised to closely review the rules of practice and procedure of the Board.

"The public is advised that the Board may promulgate an order regarding a petition which may differ from that requested by the Petitioner concerning the land described in this notice, so long as this notice shall constitute due and proper notice of the action ultimately taken by the Board; therefore, pursuant to this hearing, the provisions of the Code of Ala. 1975 hereinafter set forth, and the rules and regulations promulgated thereunder, the Board will enter such order, or orders, as in its judgment may be necessary in keeping with the evidence submitted. Further, the Board invites the submission of legal briefs regarding any petition on behalf of any interested person.

"The Board was originally established by Act No. 1 of the Legislature of Alabama in the Regular Session of 1945. The applicable law pertaining to the establishment of the Board now appears in Sec. 9-17-1 et seq., Code of Ala. 1975, as last amended.

"The public is invited to attend this meeting.

"Thomas J. Joiner

Secretary to the Board

State Oil and Gas Supervisor"

MR. JOINER: In accordance with the practice of the Board, we will sound the docket. The unopposed items requiring 15 minutes or less will be heard first, the unopposed items requiring 15 minutes or more will be heard next, and then we will take up the opposed items. Item 1, Docket No. 9-7-796A, continued petition, as amended, by Terra Resources, Inc.

MR. HAMAR: Less than 15 minutes.

MR. JOINER: Item 2, Docket No. 10-5-791, petition by Belden & Blake Oil Production.

MR. WATSON: Mr. Supervisor, I understood this would be contested. More than 15 minutes.

MR. JOINER: Is there any opposition? (No response)

CHMN. ADAMS: The Board has had a request for continuance of this item because of lack of--the attorney couldn't be here. Do you have any objection to that?

MR. WATSON: At the Board's pleasure, Mr. Chairman, we could present our data or hold it. I would like to confer with my client in answer to that. If you'll put me at the end of the docket with 15 minutes or more, I'll be prepared to answer that when it's called.

MR. JOINER: All right.

CHMN. ADAMS: We'll come back to this item.

MR. JOINER: Next is Item 3, Docket No. 10-5-792, petition by Moon & Hines.

MR. WATSON: Less than 15 minutes.

MR. JOINER: Item 4, Docket No. 10-5-793, petition by Pruet Production Company.

MR. WATSON: We would ask that this matter be continued, Mr. Supervisor.

MR. JOINER: Continued?

MR. WATSON: Yes, sir.

CHMN. ADAMS: Is there any objection to the continuation of Item 4? Hearing none, it will be continued unless there is objection by some member of the Board, one of the members of the Board.

MR. JOINER: Item 5, Docket No. 10-5-794, petition by Warrior Drilling & Engineering Co.

MR. HOLLEY: Less than 15 minutes.

MR. JOINER: Item 6, Docket No. 10-5-795, petition by Anderman Operating Company.

MR. WATSON: We would ask that this item be dismissed without prejudice.

CHMN. ADAMS: Unless there is an objection, your request is granted. Hearing none, it is granted.

MR. JOINER: That brings us, Mr. Chairman, to Item 1, Docket No. 9-7-796A, continued petition, as amended, by Terra Resources, Inc.

MR. HAMAR: My name is Michael Hamar. I'm from Mobile, representing Terra Resources. At the last meeting of the Oil and Gas Board on September 7, testimony of Alan Ambuehl, the geologist with Terra Resources, and Mike Zlomke, a petroleum engineer with Terra Resources, was introduced and accepted into evidence in support of this petition. Also, six exhibits were introduced and accepted into evidence in support of the petition. We request at this time that that testimony and those exhibits be reintroduced into evidence and accepted into evidence and based on that that the petition be granted at this time.

CHMN. ADAMS: Do you have anything else other than your statement then?

MR. HAMAR: No, that's all. We're just going to rely on the previously introduced evidence.

MR. FREEMAN: Mr. Chairman, I've discussed this with the attorney and it's my opinion from a legal standpoint that this would suffice.

CHMN. ADAMS: Your request is granted.

MR. HAMAR: Thank you.

DR. MATHEWS: I made the motion and Gaines seconded it...

MR. MCCORQUODALE: I seconded it.

DR. MATHEWS: I don't know whether the recorder picked that up or not. We spoke in very low voices.

(Laughter from audience)

MR. MCCORQUODALE: We're having trouble with these recorders.

DR. MATHEWS: I voted "aye" on that.

MR. JOINER: All voted "aye". Item 3, Docket No. 10-5-792, petition by Moon & Hines. Petitioner please come forward.

MR. HARRISON: Mr. Chairman, I'm Steve Harrison from Tuscaloosa, representing Moon & Hines. I would like to present this matter on affidavit. I will submit the original and copies to Mr. Freeman. Mr. Chairman, this is a petition by Moon & Hines to force pool tracts and interests in the South Half of Section 12, Township 13 South, Range 15 West, Lamar County, Alabama, in the Beaverton Field. We have submitted this on affidavit and the outstanding interests are still outstanding. They have not joined, and we would like for you to grant this matter on the affidavit previously submitted.

CHMN. ADAMS: Does the staff have a comment on this item?

MR. JOINER: Mr. Chairman, the affidavit had been presented to us. We have reviewed the affidavit submitted to us and the-- we have compared the one just submitted to the Board--and it's identical to the one reviewed by the staff and the staff has no problem with the affidavit as submitted, and if there is no objection, we recommend approval.

CHMN. ADAMS: Do I hear a motion?

MR. MCCORQUODALE: I move the granting of petition.

DR. MATHEWS: Second.

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

(All Board members voted "aye")

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

MR. HARRISON: Thank you.

MR. JOINER: The next item is Item 5, Docket No. 10-5-794, petition by Warrior Drilling & Engineering Co., Inc. Petitioner please come forward.

MR. HOLLEY: Mr. Chairman, my name is Thomas Holley. I'm an attorney for Warrior Drilling here in Tuscaloosa, and I have one witness to be sworn.

CHMN. ADAMS: Thomas who?

MR. HOLLEY: Holley.

MR. JOINER: Will the witness please state his name clearly for the record?

MR. BEHM: Douglas Behm.

(Witness was sworn by Mr. Joiner)

MR. HOLLEY: Mr. Chairman, Item 5, Docket No. 10-5-794, asks that the Board extend the field limits for Davis Chapel Field by adding to the present field limits Sections 2 and 11 of Township 15 South, Range 11 West, in Fayette County, Alabama. This Board at the last meeting, by Order No. 79-97(E), has previously approved the current location of the Fowler 11-4 well, Permit No. 2786, as an exception to the location requirements for the Special Field Rules for the Davis Chapel Field and we ask that the Board consider the testimony presented in that matter in hearing this current item before the Board. My one witness is Douglas Behm. Mr. Behm, by whom are you employed, and in what capacity?

MR. BEHM: Warrior Drilling and Engineering as a petroleum geologist.

MR. HOLLEY: Mr. Chairman, Mr. Behm has testified before this Board before and has been qualified as an expert petroleum geologist and we request that his qualifications be accepted.

CHMN. ADAMS: His qualifications are accepted.

MR. HOLLEY: We have two exhibits.

(Exhibits were distributed)

DOUGLAS BEHM

Appearing as a witness on behalf of Petitioner, Warrior Drilling & Engineering Co., Inc., testified as follows:

DIRECT EXAMINATION

Questions by Mr. Holley:

Q Mr. Behm, were Exhibits 1 and 2 prepared by you and under your direct supervision and control?

A Yes, they were.

Q Do they accurately depict the matters which they are intended to portray?

A I believe so.

MR. HOLLEY: Mr. Chairman, we request the admission of these exhibits into evidence.

CHMN. ADAMS: They are admitted.

(Whereupon, Exhibits 1 and 2 were received in evidence to the testimony of Mr. Behm)

Q Mr. Behm, would you please explain Exhibits 1 and 2 insofar as they relate to the proposed extension of the Davis Chapel Field limits?

A Exhibit No. 1 is structure on top of the Bangor Limestone showing the structure through the field and into the proposed additions, which is indicated by the striped line. And Exhibit No. 2 is what I believe to be the net pay in the Carter Sand in the Davis Chapel Field and in that

portion that we ask to be added to the field.

Q Mr. Behm, in your opinion, will the granting of this petition requesting the extension of the field limits for Davis Chapel protect the coequal and correlative rights of each owner of oil and gas in the Carter Sand Gas Pool of the Davis Chapel Field?

A Yes, I believe so.

Q And will it avoid waste and the drilling of unnecessary wells in said field?

A In my opinion it will.

MR. HOLLEY: Mr. Chairman, we have no further questions at this time and submit the witness to the Board and staff for any questions.

MR. FREEMAN: Mr. Holley, let me ask one. You referred to a previous matter. When and where was that? I believe some previous hearing.

MR. HOLLEY: Yes, sir. By Order No. 79-97, at the last-- September meeting of the Board.

MR. FREEMAN: Are you asking the Board now, are you submitting for admission into evidence the exhibits and testimony in that hearing?

MR. HOLLEY: Yes, sir, we are. We're requesting that they be.

MR. FREEMAN: All right. Mr. Chairman, is that evidence admitted?

CHMN. ADAMS: That will be--that's admitted.

MR. JOINER: Mr. Chairman, as far as the material presented today, we have no question. As a matter of fact, it looks like a logical request by the Petitioner, and barring any objection from anyone in the audience, we'd recommend approval.

CHMN. ADAMS: Do we have a motion?

DR. MATHEWS: I so move, Mr. Chairman.

MR. MCCORQUODALE: I second the motion.

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

(All Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. JOINER: That brings us, Mr. Chairman, to Item 2, Docket No. 10-5-791, petition by Belden & Blake Oil Production. Petitioner please come forward.

MR. WATSON: Mr. Chairman, I've noticed the opposition came and left. They did enter the room. We are prepared to proceed and will act at your pleasure.

MR. JOINER: The opposition has returned.

MR. WATSON: I have one witness and would like to have him sworn.

MR. JOINER: State your name clearly.

MR. HAYNES: Charles D. Haynes.

(Witness was sworn by Mr. Joiner)

CHMN. ADAMS: Just a minute. First, I think we need to determine if the opposition wants to proceed.

MR. JOINER: Mr. Young, would you please come forward just a moment please? The Chairman and the Board are interested in...

CHMN. ADAMS: Are you prepared to go forward with this hearing this morning? Without your lawyer?

MR. YOUNG: Well, I would prefer to have my legal counsel here. Our counsel is Ed Turner out of Chatom and he was tied up in court this morning unexpectedly and couldn't make it here, and we don't have an objection to what is being proposed here but we are seeking additional information. And as I say, I would prefer to be represented by counsel.

CHMN. ADAMS: Well, you are entitled to have counsel and if this would be a burden or handicap on you, then I think that would be a legitimate reason to continue the item. On the other hand, if you can do it just as well without counsel, then we might as well get rid of all the lawyers.

(Laughter from the audience)

MR. JOINER: Could you give us an idea, Mr. Young, as to the kind of additional information you're seeking?

MR. YOUNG: Well, we were interested in the compatibility of fluids that are proposed to be commingled down the hole.

We were interested in the reservoir pressures of the two different formations to determine if there is a possibility of cross flow down hole, and also the difference in the two reservoir temperatures.

MR. JOINER: This is information that you were going to want to extract from the Petitioner, and you feel that it could better be extracted if you had an attorney extracting it for you?

(Laughter from audience)

MR. YOUNG: Well, I'm sure they are willing to give us the information. It's just that I have never appeared here without an attorney and I would prefer to have an attorney with me.

MR. FREEMAN: Excuse me, the recording reporter has asked if you would give your name please.

MR. YOUNG: My name is Donn Young. I'm with Patrick Petroleum Corporation and we are an operator in the South Carlton Field.

MR. WATSON: Mr. Chairman, I would ask that you consider one other factor, and certainly we respect Mr. Young's request. My people have come here from Ohio today fully prepared after due notice. This information may answer questions, and Mr. Turner is certainly capable of representing this man. We might be able to give you some information. We could present the information and at least continue it until they have an opportunity

to come forward. Whatever you would like to do I think we would be willing to go along.

CHMN. ADAMS: We'll take a one-minute recess to discuss the matter.

MR. WATSON: All right, sir.

(The Board was recessed for approximately five minutes)

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

MR. MCCORQUODALE: Mr. Chairman, due to the fact that we have a request for a continuance before us at this time on this matter, and further due to the fact that it is our information that no serious damage will result to any of the parties involved in this matter by continuing it for a relatively short period of time, I would move that at this time this matter be continued until the next regular meeting of the Board.

DR. MATHEWS: I would second that 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. JOINER: It was the feeling that by taking testimony today that any questions that were unanswered and would require answering by counsel for Patrick at the next meeting would require

that any witnesses here today be back for the next meeting. It also was the feeling of the Board that if what we were talking about was strictly an exchange of information between the parties that that might, hopefully, be accomplished between the parties before the next meeting of the Board, and with that then you have the thoughts of the Board.

MR. WATSON: Thank you.

MR. JOINER: That brings us, Mr. Chairman, to the part of the agenda dealing with applications for Natural Gas Policy well status determinations under FERC. We have actions in three categories. The first category are those for which dismissal is requested and that deals with Items 14 through 19 on the agenda and Item 37. Items 14 through 19 are applications by Skelton Operating Co., Inc., and Item 37 is an application by Southland Royalty Company. We recommend, Mr. Chairman, that these items be dismissed.

CHMN. ADAMS: Do I hear a motion?

MR. MCCORQUODALE: I so move.

DR. MATHEWS: Second.

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

(All Board members voted "aye")

MR. JOINER: The second category are those for which a continuance has been requested. They are Items 21 and 22,

applications by Skelton Operating Co., Inc. Mr. Chairman, we recommend continuance of these items.

MR. MCCORQUODALE: I so move.

DR. MATHEWS: Second.

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

(All Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. JOINER: The next category are those items for which action has been requested. Items 7 through 13; Item 20, 23, and 24, applications by Skelton Operating Co., Inc.; Item 25, application by Anderman Operating Company; Items 26 through 30, applications by Exchange Oil & Gas Corporation; Items 31 through 36, applications by Southland Royalty Company. Are there any comments from anyone in attendance today concerning any of these items? Any objection? (No response) Hearing none, Mr. Chairman, we would recommend that Mr. Freeman enter into the record the applications.

MR. FREEMAN: Mr. Chairman, the staff has examined the exhibits that have been filed with these applications, that is applications 7 through 13, 20--Items 7 through 13, 20, and 23 through 36. They do appear to be in order and I recommend that these exhibits be accepted into evidence at this time.

MR. JOINER: Mr. Chairman, correct that number again. That's

Items 7 through 13, Item 20, Item 23 and 24, then Items 25, 26 through 30, 31 through 36.

CHMN. ADAMS: Your request is granted unless there is an objection and I hear none.

DR. MATHEWS: Do we need a motion?

MR. JOINER: Yes, sir.

DR. MATHEWS: I so move.

MR. MCCORQUODALE: Second.

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

(All Board members voted "aye")

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

MR. JOINER: That brings us to the approval of minutes of September 7, 1979. We recommend approval to you.

MR. MCCORQUODALE: I so move.

DR. MATHEWS: Second.

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

(All Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

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

MR. MCCORQUODALE: I move we adjourn.

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

(Whereupon, at 10:42 A.M. the hearing was adjourned)

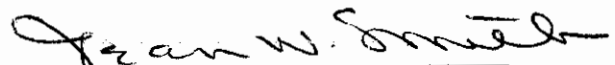
REPORTER'S CERTIFICATE

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, October, 5, 1979, 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 33 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