

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

May 18, 1988



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 of Alabama Campus, Tuscaloosa, Alabama, pursuant to adjournment, on this the 18th day of May, 1988.

BEFORE:

BOARD MEMBERS

Dr. Ralph Adams..... Chairman
Mr. Matthew S. Metcalfe.....Associate Member

BOARD STAFF

Dr. Ernest A. Mancini.....Secretary & Supervisor
Mr. Marvin Rogers.....Attorney
Mr. Gary Wilson.....Assistant Supervisor
Mr. Jay Masingill.....Assistant Supervisor
Mr. Dave Bolin.....Assistant Supervisor
Mr. Doug Hall.....Geologist
Mr. Frank Hinkle.....Geologist
Mr. Richard Hamilton.....Petroleum Engineer

(Reported by Jean W. Smith)

APPEARANCES

	<u>NAME</u>	<u>REPRESENTING</u>
1.	Andrew Sylte Jackson, MS	Hughes Eastern Corp.
2.	Bob Presto Brewton, AL	Thomas E. McMillan, Jr. Elvira Tate, MCM Petro Two, Ltd.
3.	Sidney H. Schell Mobile, AL	W. Baldwin, Lloyd et al
4.	John Land McDavid Jackson, MS	Coastal
5.	Dave Wates Jackson, MS	Coastal
6.	Mark A. Stephenson Jackson, MS	Coastal Oil & Gas
7.	Norton Brooker Mobile, AL	Phillips
8.	Tom Joiner Tuscaloosa, AL	Coastal
9.	J. C. Luppens Houston, TX	Phillips Petroleum Co.
10.	Bill Seaton Houston, TX	Phillips Petroleum Co.
11.	Ken Hanby Tuscaloosa, AL	Coastal
12.	Tom Watson Tuscaloosa, AL	Hughes Eastern
13.	R. M. Chapman Brewton, AL	Thomas E. McMillan, Jr.
14.	Ike Espy Tuscaloosa, AL	Amerada Hess

APPEARANCES
(Contd.)

	<u>NAME</u>	<u>REPRESENTING</u>
15.	John Fleming Blountsville, AL	IRA Energies, Inc.
16.	David A. Dubiel Houston, TX	Phillips
17.	Jim Sledge Tuscaloosa, AL	Collet

PROCEEDINGS

(The hearing was convened at 10:05 a.m. on Wednesday,
May 18, 1988, at Tuscaloosa, Alabama)

(Mr. McCorquodale was absent)

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

DR. MANCINI: Mr. Chairman, proper notice of this meeting has been provided except for Item 15, Docket No. 5-17-886, petition by V. Monta Currie, Jr., which was not advertised in the Alabama Journal. Also Item 58, an NGPA application by Taurus Exploration, Inc., Docket No. 5-17-8814PD, was not advertised in the Marion County newspaper. A copy of today's meeting has been transmitted to the recording secretary.

NOTICE OF MEETING

"The State Oil and Gas Board of Alabama will hold its regular monthly meeting on Tuesday and Wednesday, May 17 and 18, 1988, at 10:00 a.m. in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, to consider among other items of business the following petitions and applications.

1. DOCKET NO. 11-12-8721

Continued petition by Smackco, Ltd., an Alabama Limited partnership, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order reforming the unit for the Wefel Trust 10-3 No. 1 (Permit No. 4833-B) from a 40 acre wildcat drilling unit consisting of the East Half of the Northwest Quarter of the Northwest Quarter (E/2 of NW/4 of the NW/4) and the West Half of the Northeast Quarter of the Northwest Quarter (W/2 of the NE/4 of the NW/4) of Section 10, Township 3 North, Range 9 East, Escambia County, Alabama, to a 160 acre producing unit consisting of the entire Northwest Quarter (NW/4) of the said Section 10, Township 3 North, Range 9 East, Escambia County, Alabama.

2. DOCKET NO. 11-12-8722

Continued petition by Smackco, Ltd., an Alabama Limited Partnership, authorized to do and doing business in the State of Alabama requesting the State Oil and Gas Board to enter an order amending Rule "1" ("Field Limits") of the Special Field Rules for the Burnt Corn Creek Field, Escambia County, Alabama, so as to add to the now existing

limits of said Field all the lands described below, as underlain by the Smackover Oil Pool and all productive extensions thereof.

Escambia County, Alabama Township 3 North,
Range 9 East
Section 9: Northeast Quarter (NE/4)
Section 10: Northwest Quarter (NW/4)

3. DOCKET NO. 12-17-871

Continued petition by Smackco, Ltd., an Alabama Limited Partnership, authorized to do and doing business in the State of Alabama, requesting the Board to enter an order approving an exceptional location for the Wefel Trust 10-3 No. 1 (Permit No. 4833-B), originally permitted on December 18, 1985, as a directionally drilled well on a 40 acre wildcat drilling unit pursuant to Rule 400-1-2-.02 of the State Oil and Gas Board of Alabama Administrative Code. The surface location for the subject well is 568 feet South of the North line and 1,733 feet East of the West line of Section 10, Township 3 North, Range 9 East, Escambia County, Alabama. The actual bottom-hole location of the subject well lies 61.70 feet North 52 degrees 57 minutes East of the surface location of the well, (or approximately 535 feet South of the North line and 1,780 feet East of the West line of the said Section 10).

This petition is filed as a companion petition to those bearing Docket Nos. 11-12-8721 and 11-12-8722 wherein, respectively, petitioner requests the Board to

enter an order reforming the unit for the Wefel Trust 10-3 No. 1 from its original 40 acre wildcat drilling unit to a 160 acre producing unit consisting of the entire Northwest Quarter (NW/4) of Section 10, Township 3 North, Range 9 East, Escambia County, Alabama, and to enter an order amending the field limits for the Burnt Corn Creek Field, Escambia County, Alabama. Once the unit for the well is reformed, the bottom-hole location thereof, as described above, will be an exception to Rule 3 ("Spacing of Wells") of the Special Field Rules for the said Burnt Corn Creek Field, which requires that all wells be located no closer than 660 feet to any unit boundary and said bottom-hole location will be approximately 535 feet South of the North line of said unit.

4. DOCKET NO. 4-14-885

Continued petition by ARCO Oil and Gas Company, a division of Atlantic Richfield Company, a foreign corporation, qualified to do and doing business in the State of Alabama seeking an Order of the State Oil and Gas Board of Alabama pursuant to Section 9-17-13, Code of Alabama, 1975 force integrating all lands and interests in a drilling unit comprised of Section 28, Township 2 South, Range 2 West, Mobile County, Alabama into and establishing all such lands and interests as a drilling unit; requiring all of the other owners or claimants of royalty, mineral,

leasehold and all other mineral interests within said drilling unit to integrate their interests and to develop their land as a drilling unit; designating and approving Petitioner as the operator of the well (including replacement wells) to be drilled within said drilling unit and for such other and further relief as the Board may deem appropriate in the circumstances.

5. DOCKET NO. 4-14-886

Continued petition by ARCO Oil and Gas Company, a division of Atlantic Richfield Company, a foreign corporation, qualified to do and doing business in the State of Alabama seeking an Order of the State Oil and Gas Board of Alabama approving the Petitioner's request for the drilling of a well at an exceptional location 693 feet from the South line and 1,378 feet from the West line of Section 28, Township 2 South, Range 2 West, Mobile County, Alabama as an exception to Rule 400-1-2-.02 of the State Oil and Gas Board of Alabama Administrative Code. Petitioner further requests that said well, to be named the ARCO B. E. Pruitt Unit 28-14 Well No. 1 be drilled as a 640-acre wildcat gas and/or gas condensate drilling unit and further avers that a well drilled at a regular location as required by the State Oil and Gas Board of Alabama Administrative Code would not be at an optimum geological location and Petitioner further seeks such general and special relief

as the Board may deem appropriate. Said proposed well is 693 feet from the South line of the proposed unit, and Rule 400-1-2-.02 requires wildcat wells drilled on units containing 640 acres be no closer than 1320 feet to the nearest exterior boundary of the unit.

6. DOCKET NO. 4-14-887

Continued petition by ARCO Oil and Gas Company, a division of Atlantic Richfield Company, a foreign corporation, qualified to do and doing business in the State of Alabama seeking an Order of the State Oil and Gas Board of Alabama pursuant to Section 9-17-13, Code of Alabama, 1975 force integrating all lands and interests in a drilling unit comprised of Section 33, Township 2 South, Range 2 West, Mobile County, Alabama into and establishing all such lands and interests as a drilling unit; requiring all of the other owners or claimants of royalty, mineral, leasehold and all other mineral interests within said drilling unit to integrate their interests and to develop their land as a drilling unit; designating and approving Petitioner as the operator of the well (including replacement wells) to be drilled within said drilling unit and for such other and further relief as the Board may deem appropriate in the circumstances.

7. DOCKET NO. 4-14-888

Continued petition by ARCO Oil and Gas Company, a division

of Atlantic Richfield Company, a foreign corporation, qualified to do and doing business in the State of Alabama seeking an Order of the State Oil and Gas Board of Alabama approving the Petitioner's request for the drilling of a well at an exceptional location 680 feet from the North line and 2,383 feet from the West line of Section 33, Township 2 South, Range 2 West, Mobile County, Alabama as an exception to Rule 400-1-2-.02 of the State Oil and Gas Board of Alabama Administrative Code. Petitioner further requests that said well, to be named the ARCO-Chickasaw River Unit 33-3 Well No. 1 be drilled as a 640-acre wildcat gas and/or gas condensate drilling unit and further avers that a well drilled at a regular location as required by the State Oil and Gas Board of Alabama Administrative Code would not be at an optimum geological location and Petitioner further seeks such general and special relief as the Board may deem appropriate. Said well is 680 feet from the North line of the proposed unit, and Rule 400-1-2-.02 requires wildcat wells drilled on units containing 640 acres be no closer than 1320 feet to the nearest exterior boundary of the unit.

8. DOCKET NO. 4-14-889

Continued petition by Meridian Oil, Inc., a foreign corporation authorized to do and doing business in the

State of Alabama, requesting approval of a well location 1,700 feet from the North Line and 850 feet from the East Line of Section 12, Township 18 South, Range 15 West, Pickens County, Alabama, as a productive extension of the Coal Fire Creek Field, on a unit consisting of the North Half of said Section 12. Petitioner anticipates drilling a well at the requested location as a replacement well for the Melrose Timber Co. 12-7 No. 1 Well, Permit No. 5322, currently located on said unit. Rule 3(b) of the Special Field Rules for the Coal Fire Creek Field requires all wells to be located at least 2,000 feet from any other well drilling for or completed in the same gas pool; however, Petitioner's well, as proposed, is only approximately 1,675 feet from the Howell Petroleum Corp.-Cobb 12-9 No. 1 Well, Permit No. 5176, located in the South Half of Section 12, Township 18 South, Range 15 West, in the Coal Fire Creek Field.

9. DOCKET NO. 4-14-8817

Continued petition by The River Gas Corporation, an Alabama corporation, to name a new coalbed degasification field the Piney Grove Coal Degasification Field, or such other name as the Board may deem appropriate, and to adopt Special Field Rules therefor. The field limits for said field would consist of the following described lands:

Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, W/2-14, 15, 16, 17, 18, 19, 20, 21, N/2-22, SW/4-22, N/2-28, 29, 30, 31 and 32, in Township 18 South, Range 8 West;

Sections 1 through 36, in Township 18 South, Range 9 West;

N/2 Section 5, SW/4-5, 6, 7, W/2-8, 18, W/2-19, W/2-30, W/2-31, in Township 19 South, Range 8 West;

Sections 1 through 36, in Township 19 South, Range 9 West; and

Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 16, 17, 18, 19, 20, 21, 28, 29, 30, 31, 32 and 33, in Township 20 South, Range 9 West,

all in Tuscaloosa County, Alabama, as underlain by the Pottsville Coal Interval, which is described as those strata containing occluded gas correlative to the coal seams encountered in the interval between 843 feet and 2224 feet (and any coal seam stringer which may occur within 100 feet below this interval) as indicated on the density log of the First Alabama Bank No. 25-14-1 Well, Permit No. 5397-C, and all zones in communication therewith and all productive extensions thereof. Petitioner is requesting variable spacing for coalbed degasification wells of not less than 10 nor more than 80 contiguous surface acres so as to provide for maximum efficient recovery of the occluded natural gas. Petitioner is also requesting the establishment of allowables.

10. DOCKET NO. 5-17-881

Petition by Phillips Petroleum Company, a foreign corporation, authorized to do and doing business in the State of Alabama requesting the State Oil and Gas Board of Alabama to enter an Order creating a new gas condensate field in Washington County, Alabama, consisting of the East Half of Section 32, all of Section 33 and the West Half of Section 34, Township 6 North, Range 4 West as the "Southeast Chatom Field" or some other name deemed appropriate by the Board and to promulgate Special Field Rules for such field. Petitioner requests that the Smackover Formation in said proposed field should be defined as those strata of the Smackover Formation productive of hydrocarbons in the interval between 16,518 feet and 16,638 feet in the Phillips Petroleum Company Scott-A 33-1 Well No. 1 (Permit No. 5100) as indicated on the Dual Induction Log of said well, including those strata productive of hydrocarbons which can be correlated therewith. Petitioner alleges that said pool, as defined, constitutes a separate and distinct gas condensate producing pool, separate and distinct from all other pools. Said Petitioner further requests that wells drilled in said proposed Southeast Chatom Field be drilled and operated upon a unit consisting of approximately 640 contiguous surface acres consisting of up to two one-half

governmental sections oriented in a North-South direction and further requests that allowables for wells drilled in said field be established. Petitioner further proposes that production from the said Smackover Formation may be commingled through a common gathering system so long as metering devices are used in a manner approved by the Supervisor. Petitioner further requests such other, further and different relief which the Board may deem appropriate.

11. DOCKET NO. 5-17-882

Petition by Phillips Petroleum Company, a foreign corporation authorized to do and doing business in the State of Alabama requesting the State Oil and Gas Board of Alabama to enter an order approving and confirming the actual bottom hole location of the Phillips Petroleum Company Scott-A 33-1 Well No. 1 (Permit No. 5100) with a surface location 660 feet from the North line and 100 feet from the East line of Section 33, Township 6 North, Range 4 West and a bottom hole location located 639 feet from the North line and 65 feet from the East line of Section 33, Township 6 North, Range 4 West, Washington County, Alabama as an exception to the State Oil and Gas Board of Alabama Administrative Code (Rule 400-1-2-.02), Order No. 86-276 and the proposed Field Rules for the Southeast Chatom Field, Washington County, Alabama. The unit for

the Scott-A 33-1 Well No. 1 consists of the East Half of Section 33 and the West Half of Section 34. The bottom hole location is only 639 feet from the North line of the unit, and the proposed Special Field Rules require wells to be located at least 1320 feet from the exterior boundaries of the unit.

12. DOCKET NO. 5-17-883

Petition by Phillips Petroleum Company, a foreign corporation authorized to do and doing business in the State of Alabama requesting the State Oil and Gas Board of Alabama to enter an order approving and confirming the actual bottom hole location of the Phillips Petroleum Company Scott "B" 33-11 Well No. 1 (Permit No. 5350) with a surface location 1600 feet from the West line and 2600 feet from the South line of Section 33, Township 6 North, Range 4 West and a bottom hole location located 2658 feet from the South line and 1830 feet from the West line of Section 33, Township 6 North, Range 4 West, Washington County, Alabama, as an exception to the State Oil and Gas Board of Alabama Administrative Code (Rule 400-1-2-.02) and the proposed Field Rules for the Southeast Chatom Field, Washington County, Alabama. Said Scott "B" 33-11 Well No. 1 is located 810 feet from the East line of a unit consisting of the East Half of Section 32 and the West Half of Section 33. The proposed Special Field Rules

require wells to be located at least 1320 feet from the exterior boundaries of the unit.

13. DOCKET NO. 5-17-884

Petition by MWJ Producing Company, a foreign corporation authorized to do and doing business in the State of Alabama, to name a new gas field the County Line Field, or such other name as the Board deems appropriate, and to establish Special Field Rules therefor. The proposed field limits consist of all of Section 18, Township 13 South, Range 13 West, Marion County, Alabama, as underlain by the Lewis Sand Gas Pool. The Lewis Sand Gas Pool is defined as that portion of the Lewis Sand formation in the interval between 2736 feet and 2758 feet as indicated on the Dual Induction Log for the Guin No. 18-10 Well, Permit No. 5344, located in the East Half of the above referenced Section 18. Petitioner is requesting 320-acre spacing, and the establishment of permanent allowables for said field.

14. DOCKET NO. 5-17-885

Petition by V. Monta Currie, Jr., an independent operator doing business in the State of Alabama, requesting approval of a well location 1,806 feet from the North line and 411 feet from the West line of Section 15, Township 7 South, Range 3 East, Baldwin County, Alabama, on a 160-acre wildcat gas drilling unit consisting of the

entire Northwest Quarter of said Section 15. The proposed well location is only 411 feet from the West line of the above described unit, and as such, would be an exception to Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code, which requires such wells to be located at least 660 feet from all exterior boundaries of the unit.

15. DOCKET NO. 5-17-886

Petition by V. Monta Currie, Jr., an independent operator doing business in the State of Alabama, requesting approval of a well location 2,058 feet from the South line and 988 feet from the West line of Section 15, Township 7 South, Range 3 East, Baldwin County, Alabama, on a 160-acre wildcat gas drilling unit consisting of the entire Southwest Quarter of said Section 15. The proposed well location is only 591 feet from the North line of the above described unit, and as such, would be an exception to Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code, which requires such wells to be located at least 660 feet from all exterior boundaries of the unit.

16. DOCKET NO. 5-17-887

Petition by V. Monta Currie, Jr., an independent operator doing business in the State of Alabama, requesting approval of a well location 1,759 feet from the South line

and 573 feet from the East line of Section 22, Township 7 South, Range 3 East, Baldwin County, Alabama, on a 160-acre wildcat gas drilling unit consisting of the entire Southeast Quarter of said Section 22. The proposed well location is only 573 feet from the East line of the above described unit, and as such, would be an exception to Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code, which requires such wells to be located at least 660 feet from all exterior boundaries of the unit. Said unit is immediately adjacent to the Schoolhouse Branch Field, and will be drilled in accordance with the Special Field Rules for said field.

17. DOCKET NO. 5-17-888

Petition by Terra Resources, Inc., a foreign corporation authorized to do and doing business in the State of Alabama, to force pool all tracts and interests in a wildcat gas drilling unit consisting of the North Half of Section 9, Township 19 South, Range 14 West, Pickens County, Alabama, pursuant to Section 9-17-13, Code of Alabama (1975), and Rule 400-1-13-.01 of the Administrative Code of this Board.

18. DOCKET NO. 5-17-889

Petition by Terra Resources, Inc., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter

an order amending the Special Field Rules for the Northeast Davis Chapel Field, Fayette County, Alabama, to add to the field limits for said Field, the North Half of Section 22 and the West Half of Section 23, all in Township 14 South, Range 11 West, Fayette County, Alabama.

19. DOCKET NO. 5-17-8810

Petition by Terra Resources, Inc., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order naming a new gas field to be known as the Isom Creek Field, or such other name as the Board deems appropriate, and to promulgate special field rules for the Carter Sand Gas Pool in said Field. The area to be included is all of Section 14, the East Half of Section 23, and the South Half of Section 24, all in Township 14 South, Range 11 West, Fayette County, Alabama.

The Carter Sand Gas Pool is to be defined as those strata of the Carter Sand productive of hydrocarbons in the interval between 2129 feet and 2138 feet as indicated on the Schlumberger LTD/CNL Log of the Cogle Trust 23-7 Well, Permit No. 5437, located on a unit consisting of the East Half of Section 23, Township 14 South, Range 11 West, Fayette County, Alabama. Petitioner is requesting the establishment of 320-acre spacing and allowables.

20. DOCKET NO. 5-17-8811

Petition by TXO Production Corp., 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 all tracts and interests in the North Half of Section 25, Township 17 South, Range 15 West, Lamar County, Alabama, all pursuant to Section 9-17-13, Code of Alabama, (1975) and Rule 400-1-13 of the State Oil and Gas Board of Alabama Administrative Code.

21. DOCKET NO. 5-17-8812

Petition by Justiss Oil Company, Inc., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving the Petitioner's request for the drilling of a well at an exceptional location 330 feet from the West line and 970 feet from the South line of Section 13, Township 20 South, Range 16 West, Pickens County, Alabama and approximately 1300 feet from the Justiss Oil Company, Inc. - J.H. Curry 14-16 No. 1 Well, as a productive extension of the Woolbank Creek Field, on a unit consisting of the West Half of Section 13, Township 20 South, Range 16 West, Pickens County, Alabama. Rule 3(b) of the Special Field Rules for the Woolbank Creek Field requires all wells to be located at least 660 feet from every exterior boundary of the drilling unit and at least 2000 feet from any other drilling or completed well

producing from the same gas pool. Petitioner's well, as proposed, is only 330 feet from the West line of the drilling unit and approximately 1300 feet from the Justiss Oil Company, Inc. - J.H. Curry 14-16 No. 1 Well located in the South Half of Section 14, Township 20 South, Range 16 West.

22. DOCKET NO. 5-17-8813

Petition by Justiss Oil Company, Inc., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order amending the Special Field Rules of the Woolbank Creek Field, of Pickens County, Alabama, so as to establish and define two additional productive intervals in the Pottsville Formation as follows, to-wit:

Pottsville F Gas Sand Interval	2044'	-	2709'
Pottsville G Gas Sand Interval	1298'	-	2044'.

Petitioner requests that said intervals be construed to mean those strata productive of hydrocarbons in the referenced gas sand intervals as defined in the J.H. Curry 14-16 No. 1 Well, Permit No. 4333, as indicated on the dual induction SFL Log, CNL-FDC Log, microlog and drill stem test of said well.

23. DOCKET NO. 5-17-8814

Petition by Justiss Oil Company, Inc., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order allowing an exception to Rule 4G of the Special Field Rules for the Woolbank Creek Field, Pickens County, Alabama, whereby Petitioner is allowed to commingle production from non-contiguous gas sand intervals encountered in the Justiss Oil Company, Inc. - J.H. Curry 23-1 No. 1 Well, Permit No. 4762, located in the East Half of Section 23, Township 20 South, Range 16 West, Pickens County, Alabama. Rule 4G of the Woolbank Creek Special Field Rules provides that production may be commingled within each gas sand interval defined in those rules and from within contiguous intervals subject to the approval of the Supervisor.

24. DOCKET NO. 5-17-8815

Petition by Petrus Oil Company, L.P., a foreign limited partnership authorized to do and doing business in the State of Alabama, to force pool all tracts and interests in a 320-acre gas drilling unit consisting of the South Half of Section 16, Township 14 South, Range 15 West, Lamar County, Alabama, as a productive extension of the North Military Grove Field, pursuant to Section 9-17-13, Code of Alabama (1975), and Rule 400-1-13-.01 of the

Administrative Code of this Board.

25. DOCKET NO. 5-17-8816

Petition by Southland Royalty Company, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the Board to approve drilling a horizontal wellbore from the existing Melrose Timber Co. 12-7 No. 1 Well, Permit No. 5322, located 1,600 feet from the North line and 1,600 feet from the East line of Section 12, Township 18 South, Range 15 West, Pickens County, Alabama, as a productive extension of the Coal Fire Creek Field, on a unit consisting of the North Half of said Section 12. Petitioner proposes to sidetrack the existing well in an East-Northeasterly direction approximately 300 feet above the Carter Sand Gas Pool, would need approximately 300 feet to reach the Carter Sand, then would drill approximately 500 feet horizontally in the Carter Sand, and would set approximately 500 feet of slotted casing for production from said Carter Sand. The target point to enter the Carter Sand is approximately 1,450 feet from the North line and 1,300 feet from the East line of said Section 12, and the target bottom hole location is 1,250 feet from the North line and 850 feet from the East line of said Section 12.

26. DOCKET NO. 5-17-8817

Petition by Hughes Eastern 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 approving an exceptional location for the A.T.I.C. Container 33-2 No. 1 Well, Permit No. 5481, that was drilled at a surface location 1,004 feet FNL and 2,358 feet FEL of Section 33, Township 2 North, Range 8 East, Escambia County, Alabama, on a 40-acre drilling unit consisting of the NW/4 of the NE/4 of said Section 33, in the West Foshee Oil Field. The bottom hole location for said well is 133 feet FSL and 338 feet FWL of the NW/4 of the NE/4 of said Section 33, and as such is an exception to Rule 3 of the Special Field Rules for the West Foshee Oil Field, requiring wells to be 330 feet from the exterior boundaries of the unit.

27. DOCKET NO. 5-17-8818

Petition by Hughes Eastern 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 approving an exceptional location for the A.T.I.C. Container 33-6 No. 1 Well, Permit No. 5583, with a bottom hole location 282 feet from the North line and 309 feet from the East line of a 40-acre unit consisting of the Southeast Quarter of the Northwest Quarter of Section 33, Township 2 North, Range 8 East, Escambia County, Alabama, in the West Foshee Oil Field,

said location being an exception to Rule 3(b) of the Special Field Rules requiring wells to be 330 feet from the exterior boundaries of the unit. In addition, the aforementioned location is an exception to Rule 3(c) in that the well is 527 feet from the A.T.I.C. 33-3 No. 1 Well, Permit No. 5528, and Rule 3(c) of the Special Field Rules for the West Foshee Oil Field requires all wells to be located at least 660 feet from every other drilling or producible well located in the Pilot Sand Oil Pool. Petitioner is, therefore, requesting approval of exceptions to Rule 3(b) and (c) of the Special Field Rules for the West Foshee Oil Field, Escambia County, Alabama.

28. DOCKET NO. 5-17-8819

Petition by The River Gas Corporation, an Alabama corporation, requesting that Rule 2 of the Special Field Rules for the Deerlick Creek Coal Degasification Field be amended so that the field limits for said field would now consist of Sections 25, 35, and 36, Township 19 South, Range 9 West; Sections 1 through 34, the N/2 of Section 35 and the NW/4 of Section 36, Township 20 South, Range 9 West; and the SW/4, and the SW/4 of NW/4 of Section 17; the S/2, the NW/4, the W/2 of NE/4 and the SE/4 of NE/4 of Section 18; the N/2 and the N/2 of SW/4 of Section 19; and the NW/4 of Section 20, Township 20 South, Range 8 West,

all in Tuscaloosa County, Alabama, as underlain by the Pottsville Coal Interval.

29. DOCKET NO. 5-17-8820

Petition by The River Gas Corporation, an Alabama corporation, to name a new coalbed degasification field the Blue Creek Coal Degasification Field, or such other name as the Board may deem appropriate, and to adopt Special Field Rules therefor. The field limits for said field would consist of the following described lands:

Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, W/2-14, 15, 16, 17, 18, 19, 20, 21, N/2-22, SW/4-22, N/2-28, 29, 30, 31 and 32, in Township 18 South, Range 8 West; Sections 1 through 25, and Section 36, in Township 18 South, Range 9 West; N/2 Section 5, SW/4-5, 6, 7, W/2-8, in Township 19 South, Range 8 West; the E 3/4 of Section 1 and the E 3/4 of Section 12, in Township 19 South, Range 9 West,

all in Tuscaloosa County, Alabama, as underlain by the Pottsville Coal Interval, which is described as those strata containing occluded gas correlative to the coal seams encountered in the interval between 795 feet and 2,068 feet (and any coal seam stringer which may occur within 100 feet below this interval) as indicated on the density log of the Cassidy 31-4-1 Well, Permit No. 5490, and all zones in communication therewith and all productive extensions thereof. Petitioner is requesting variable spacing for coalbed degasification wells of not less than 10 nor more than 80 contiguous surface acres so

as to provide for maximum efficient recovery of the occluded natural gas. Petitioner is also requesting the establishment of allowables.

30. DOCKET NO. 5-17-8821

Petition by Hawkeye Oil & Gas, Inc., an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending the field limits for the Watts Creek Field, Marion County, Alabama, by including within said field limits the West Half of Section 21, and all of Section 28, Township 10 South, Range 15 West, Marion County, Alabama.

31. DOCKET NO. 5-17-8822

Petition by Hawkeye Oil & Gas, Inc., an Alabama corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order allowing and approving an amendment to Rule 2 of the Special Field Rules for the Watts Creek Field to add the Carter Sand Gas Pool. The Carter Sand Gas Pool for said field is defined as that interval productive of hydrocarbons as defined on the Compensated Neutron-Lithodensity Log between the depths of 795 feet and 822 feet, as encountered in the Wiginton 23-14 Well, Permit No. 5248, located 330 feet from the South line and 1980 feet from the West line of Section 23, Township 10 South, Range 15 West, Marion County, Alabama.

32. DOCKET NO. 5-17-8823

Petition by Hawkeye Oil & Gas, Inc., a corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order allowing and approving an exceptional location for a well to be drilled in a productive extension of the Watts Creek Field at a point 330 feet from the North line and 330 feet from the East line of a proposed drilling unit comprising the West Half of Section 34, Township 10 South, Range 15 West, Marion County, Alabama. Said location, if approved, would be an exception to Rule 3 of the Special Field Rules adopted for Watts Creek Field, which require that locations be made at least 660 feet from every exterior boundary of the drilling unit.

33. DOCKET NO. 5-17-8824

Petition by Coastal Oil & Gas Corporation, a Delaware corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order continuing for six additional months the order reforming the original 40-acre oil unit for the Coastal-ATIC 13-6 No. 1 Well (Permit No. 5268) comprised of the Southeast Quarter of the Northwest Quarter (SE/4 NW/4) to a 160 acre production unit comprised of the South Half of the Northwest Quarter (S/2 NW/4) and the North

Half of the Southwest Quarter (N/2 SW/4) of Section 13, Township 3 North, Range 8 East, Escambia County, Alabama. The unit is in the Wallace Field and the petition seeks an exception to the Special Field Rules for the Wallace Field in that it requests the temporary unit for six additional months. The Board temporarily reformed said unit by Order No. 87-228 adopted December 18, 1987, in Docket No. 12-17-8721. This petition is filed pursuant to Rules 400-1-2-.02 and 400-1-12-.01 et seq., State Oil and Gas Board of Alabama Administrative Code and Section 9-17-1 et seq., including Section 9-17-12, Code of Alabama (1975), as amended.

34. DOCKET NO. 5-17-8825

Petition by Hawkeye Oil & Gas, Inc., an Alabama corporation, requesting the State Oil and Gas Board of Alabama to enter an order force pooling and integrating all lands and interests in a 320-acre drilling unit consisting of the North Half of Section 29, Township 10 South, Range 15 West, Marion County, Alabama, a productive extension of the Watts Creek Field, pursuant to Ala. Code Section 9-17-13 (1975) and Rule 400-1-13 of the State Oil and Gas Board of Alabama Administrative Code.

35. DOCKET No. 5-17-8826

Petition by Hawkeye Oil & Gas, Inc., an Alabama corporation requesting the State Oil and Gas Board of

Alabama to enter an order force pooling and integrating all lands and interests in a 320-acre drilling unit consisting of the South Half of Section 20, Township 10 South, Range 15 West, Marion County, Alabama, a productive extension of the Watts Creek Field, pursuant to Ala. Code Section 9-17-13 (1975) and Rule 400-1-13 of the State Oil and Gas Board of Alabama Administrative Code.

36. DOCKET NO. 5-17-8827

Petition by Hughes Eastern 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 approving an exception to Rule 3(b) of the Special Field Rules for the Gulf State Park Gas Field, Baldwin County, Alabama, for the proposed Gulf State Park 12-16 No. 1 Well at a location 660 feet from the East line and 660 feet from the South line of Section 12, Township 9 South, Range 4 East, Baldwin County, Alabama, on a 160-acre drilling unit consisting of the Southeast Quarter of said Section 12. The proposed well will be approximately 1,068 feet from the Gulf State Park 7-13 No. 1 Well, Permit No. 4548, and as such will be closer than 1,320 feet as prescribed in said Rule 3(b).

37. DOCKET NO. 5-17-8828

Motion by the Board for Confederate Oil Production, a general partnership and the partners and principals of

said partnership, John W. Fleming, Jerald Schneider, and Jim Shelton to show cause why Confederate Oil Production or its partners should be allowed to continue to operate oil and gas wells in the State of Alabama. This Motion is set before the Board pursuant to the Board's general authority in the oil and gas conservation statutes set forth in Section 9-17-1 et seq. of the Code of Alabama (1975).

38. DOCKET NO. 1-28-8827A

Continued amended Motion by the Board to amend Rule 400-1-5-.02, relating to Operations Involving Hydrogen Sulfide to update and clarify existing requirements and to add specific requirements for sour gas gathering lines and well testing procedures.

39. DOCKET NO. 1-28-8828A

Continued amended Motion by the Board to amend Rule 400-1-8, relating to Transportation to add Rule 400-1-8-.04 Gathering Lines to define certain requirements for the design, construction, and operation of gathering lines and gathering line systems.

40. DOCKET NO. 4-4-881

Continued Motion by the Board requesting Collet Ventures, Inc. and other parties to show cause why the Copeland Sulfur Plant and associated pipeline gathering system in Washington and Choctaw Counties, Alabama, should not be ordered by the Board to be shut down and operations ceased.

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

41. DOCKET NO. 12-17-878PD

Continued application by Alabama Methane Production Company for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the AMPCO 25-16 #17 well (Permit No. 5389C) in Section 25, Township 21S, Range 8W, Tuscaloosa County, Alabama in the Cedar Cove Coal Degasification Field, Pottsville Coal Interval.

42. DOCKET NO. 3-10-8835PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107(c)(3) (High Cost Natural Gas) of the NGPA for the U.S. Steel 34-11-07 well (Permit No. 5486CG) in Section 34, Township 19S, Range 7W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

43. DOCKET NO. 4-14-881PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107(c)(3) (High Cost Natural Gas) of the NGPA for

the Shook 06-02-10 well (Permit No. 5494CG) in Section 6, Township 20S, Range 7W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

44. DOCKET NO. 4-14-883PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107(c)(3) (High Cost Natural Gas) of the NGPA for the U.S. Pipe & Foundry 13-06-06 well (Permit No. 5531CG) in Section 13, Township 20S, Range 8W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

45. DOCKET NO. 5-17-881PD

Application by Black Warrior Methane Corp. for a new natural gas determination under Section 107(c)(3) (High Cost Natural Gas) of the NGPA for the S.E. Belcher 12-06-14 well (Permit No. 5569CG) in Section 12, Township 20S, Range 7W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

46. DOCKET NO. 5-17-882PD

Application by Black Warrior Methane Corp. for a new natural gas determination under Section 107(c)(3)

(High Cost Natural Gas) of the NGPA for the U.S.
Steel 34-11-08 well (Permit No. 5530CG) in Section
34, Township 19S, Range 7W, Tuscaloosa County,
Alabama in the Brookwood Coal Degasification Field,
Pottsville Coal Interval.

47. DOCKET NO. 5-17-883PD

Application by Black Warrior Methane Corp. for a new
natural gas determination under Section 107(c)(3)
(High Cost Natural Gas) of the NGPA for the U.S.
Pipe & Foundry 02-13-03 well (Permit No. 5550CG) in
Section 2, Township 19S, Range 6W, Jefferson County,
Alabama in the Oak Grove Coal Degasification Field,
Pottsville Coal Interval.

48. DOCKET NO. 5-17-884PD

Application by Grace Petroleum Corporation for a new
natural gas determination under Section 103 (New
Onshore Well) of the NGPA for the Weyerhaeuser 17-02
well (Permit No. 5056) in Section 17, Township 14S,
Range 13W, Fayette County, Alabama in the Bluff Oil
Field, Carter Sand Oil Pool.

49. DOCKET NO. 5-17-885PD

Application by Grace Petroleum Corporation for a new
natural gas determination under Section 103 (New

Onshore Well) of the NGPA for the Tucker-Fowler 35-02 well (Permit No. 5370) in Section 35, Township 14S, Range 11W, Fayette County, Alabama in the Northeast Davis Chapel Field, Carter Sand Gas Pool.

50. DOCKET NO. 5-17-886PD

Application by Black Warrior Methane Corp. for a new natural gas determination under Section 107(c)(3) (High Cost Natural Gas) of the NGPA for the U.S. Steel 34-14-09 well (Permit No. 5534CG) in Section 34, Township 19S, Range 7W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

51. DOCKET NO. 5-17-887PD

Application by Pruet Production Co. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the Stanley-McGee 21-09 #1 well (Permit No. 5251) in Section 21, Township 16S, Range 15W, Lamar County, Alabama in the Mt. Zion Oil Field, Lewis Sand Oil Pool.

52. DOCKET NO. 5-17-888PD

Application by Pruet Production Co. for a new natural gas determination under Section 102(c)(1)(C)

(New Onshore Reservoir) of the NGPA for the Spann 16-02 #2 well (Permit No. 5298) in Section 16, Township 16S, Range 15W, Lamar County, Alabama in the Mt. Zion Field, Carter and Chandler Sand Gas Pools.

53. DOCKET NO. 5-17-889PD

Application by Pruet Production Co. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the Stanley 22-12 #1 well (Permit No. 5321) in Section 22, Township 16S, Range 15W, Lamar County, Alabama in the Mt. Zion Oil Field, Lewis Sand Oil Pool.

54. DOCKET NO. 5-17-8810PD

Application by Pruet Production Co. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the Johnson 21-16 #1 well (Permit No. 5454) in Section 21, Township 16S, Range 15W, Lamar County, Alabama in the Mt. Zion Oil Field, Lewis Sand Oil Pool.

55. DOCKET NO. 5-17-8811PD

Application by Pruet Production Co. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the

Strickland 21-08 #1 well (Permit No. 5538) in Section 21, Township 16S, Range 15W, Lamar County, Alabama in the Mt. Zion Oil Field, Lewis Sand Oil Pool.

56. DOCKET NO. 5-17-8812PD

Application by Taurus Exploration, Inc. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the Boyette 35-06 well (Permit No. 4945) in Section 35, Township 10S, Range 15W, Marion County, Alabama in the Watts Creek Field, Lewis Sand Gas Pool.

57. DOCKET NO. 5-17-8813PD

Application by Taurus Exploration, Inc. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the Brown 35-07 well (Permit No. 5013) in Section 35, Township 10S, Range 15W, Marion County, Alabama in the Watts Creek Field, Lewis Sand Gas Pool.

58. DOCKET NO. 5-17-8814PD

Application by Taurus Exploration, Inc. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the Taylor 26-14 well (Permit No. 5110) in Section 26, Township

10S, Range 15W, Marion County, Alabama in the Watts Creek Field, Lewis Sand Gas Pool.

59. DOCKET NO. 5-17-8815PD

Application by Taurus Exploration, Inc. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the Brown 26-15 well (Permit No. 5175) in Section 26, Township 10S, Range 15W, Marion County, Alabama in the Watts Creek Field, Lewis Sand Gas Pool.

60. DOCKET NO. 5-17-8816PD

Application by Taurus Exploration, Inc. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the Casey 27-08 well (Permit No. 5185) in Section 27, Township 10S, Range 15W, Marion County, Alabama in the Watts Creek Field, Lewis Sand Gas Pool.

"The public is invited to attend this meeting and to present to the Board their position concerning these matters.

"The public is advised that the Board may promulgate orders concerning a petition which may differ from that requested by the petitioner concerning the lands described in the notice. Pursuant to this hearing, Section 9-17-12 et seq. of the Code of Alabama (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 based upon the evidence presented.

"The State Oil and Gas 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 Section 9-17-1 et seq. of the Code of Alabama (1975), as last amended. The applicable rules pertaining to the conduct of hearings by the Board are found in Rule 400-1-12-.01 et seq. of the State Oil and Gas Board of Alabama Administrative Code. The applicable rules pertaining to NGPA price determinations are found in Rules 400-2-X-.01 through 400-2-X-.09 of the State Oil and Gas Board of Alabama Administrative Code.

"The June meeting of the Board will be held on Thursday and Friday, June 23 and 24, 1988, at 10:00 a.m. The notices for the June meeting must be filed on or before May 31, 1988. Petitions, exhibits, affidavits and proposed orders must be filed on or before June 9, 1988. If a person intends to request a continuance of an item or to oppose an item listed on the docket, he should inform the Board at least two (2) days prior to the hearing.

"There will not be a meeting of the Board in July, 1988.

"The August meeting of the Board will be held on Wednesday, August 3, 1988, in the Board Room of the State Oil and Gas Board Building, and Friday, August 5, 1988, at the Gulf State Park Convention Center, P. O. Box 437, Gulf Shores, Alabama, 36542, Telephone Number: (205)968-7531.

"Dr. Ernest A. Mancini
Secretary to the Board
Oil and Gas Supervisor"

DR. MANCINI: At this time the Hearing Officer will make his report to the Board.

MR. ROGERS: Mr. Chairman and Mr. Metcalfe, this is the report of the Hearing Officer on the items heard by the Hearing Officer and the staff on Tuesday, May 17, 1988. I recommend the following items be continued: Item 4, Docket No. 4-14-885, petition by ARCO Oil & Gas Company; Item 5, Docket No. 4-14-886, petition by ARCO Oil & Gas Company; Item 6, Docket No. 4-14-887, petition by ARCO Oil & Gas Company; Item 7, Docket No. 4-14-888, petition by ARCO Oil & Gas Company; Item 29, Docket No. 4-17-8820, petition by The River Gas Corporation; and Items 38 and 39, which are motions by the Board to amend certain rules in the State Oil and Gas Board Administrative Code. It is the recommendation of the Hearing Officer that those items be continued.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: The "ayes" have it.

MR. ROGERS: Item 14, Docket No. 5-17-885, petition by V. Monta Currie, Jr.; Item 15, Docket No. 5-17-886, petition by V. Monta Currie, Jr.; and Item 16, Docket No. 5-17-887A, petition by V. Monta Currie. Relating to those items, as Dr. Mancini stated, Item 15 was misadvertised. It's the recommendation of the Hearing Officer that those three items be continued to a special meeting to be held on May 27, 1988, at 9 o'clock a.m.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: It is the recommendation of the Hearing Officer that the following items be dismissed without prejudice: Item 1, Docket No. 11-12-8721, petition by Smackco, Ltd.; Item 2, Docket No. 11-12-8722, petition by Smackco, Ltd.; Item 3, Docket No. 12-17-871, petition by Smackco, Ltd.; Item 8, Docket No. 4-14-889, petition by Meridian Oil, Inc.; and Item 9, Docket No. 4-14-8817, petition by The River Gas Corporation. It's the recommendation of the Hearing Officer that those items be dismissed without prejudice.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

DR. MANCINI: Mr. Chairman, the staff has examined petitions, proposed orders, exhibits, and other evidence presented for the following items that will be addressed by the Hearing Officer. A record has been prepared for these items. After reviewing these documents and evidence, we find that the technical exhibits and documents are in order and the evidence supports the petitioners' requests. The Hearing Officer will present recommendations to the Board.

MR. ROGERS: The following petitions for force pooling are recommended for approval: Item 17, Docket No. 5-17-888, petition by Terra Resources, Inc.; Item 20, Docket No. 5-17-8811, petition by TXO Production Corporation; Item 24, Docket No. 5-17-8815, petition by Petrus Operating Company; Item 34, Docket No. 5-17-8825, petition by Hawkeye Oil & Gas, Inc.; and Item 35, Docket No. 5-17-8826, petition by Hawkeye Oil & Gas, Inc. It is the recommendation of the Hearing Officer that those petitions for force pooling be granted.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: The "ayes" have it.

MR. ROGERS: Item 13, Docket No. 5-17-884, is a petition by MWJ Producing Company to name a new gas field in Marion County, Alabama. I recommend that petition be granted and that the field be named the West Coffee Creek Field.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: The "ayes" have it..

MR. ROGERS: Item 18, Docket No. 5-17-889, is a petition by Terra Resources, Inc., to amend the Special Field Rules for the Northeast Davis Chapel Field. I recommend that petition be granted.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: The "ayes" have it.

MR. ROGERS: Item 19, Docket No. 5-17-8810A, is an amended petition by Terra Resources, Inc., to name a new field in Fayette County, Alabama. I recommend that petition be granted.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 21, Docket No. 5-17-8812, is a petition by Justiss Oil Company, Inc., for an exceptional location in Pickens County, Alabama. I recommend that petition be granted with the stipulation that the well be subject to proration.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 22, Docket No. 5-17-8813, is a petition by Justiss Oil Company, Inc., to amend the Special Field Rules for the Woolbank Creek Field. I recommend that petition be granted.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 23, Docket No. 5-17-8814, is a petition by Justiss Oil Company, Inc., for an exception to Rule 4G of the Special Field Rules for the Woolbank Creek Field. I recommend the petition be granted.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 25, Docket No. 5-17-8816, is a petition by Southland Royalty Company to approve the drilling of a horizontal borehole in Pickens County, Alabama. I recommend that petition be granted.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 26, Docket No. 5-17-8817, is a petition by Hughes Eastern Corporation for an exceptional location in Escambia County, Alabama. I recommend that the petition be granted with the stipulation that the well be subject to proration.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 27, Docket No. 5-17-8818, is a petition by Hughes Eastern Corporation for an exceptional location in Escambia County, Alabama. I recommend the petition be granted with the stipulation that the well be subject to proration.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 30, Docket No. 5-17-8821, is a petition by Hawkeye Oil & Gas, Inc., to amend the field limits for the Watts Creek Field in Marion County, Alabama. I recommend the

petition be granted.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 31, Docket No. 5-17-8822, is a petition by Hawkeye Oil & Gas, Inc., to amend Rule 2 of the Special Field Rules for the Watts Creek Field in Marion County, Alabama. I recommend the petition be granted.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 32, Docket No. 5-17-8823, is a petition by Hawkeye Oil & Gas, Inc., for an exceptional location in Marion County, Alabama. I recommend the petition be granted with the stipulation that the well be subject to proration.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 33, Docket No. 5-17-8824, is a petition by Coastal Oil & Gas Corporation to extend for six additional months the temporary unit established by the Board in Order No. 87-228. I recommend that petition be granted.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: The "ayes" have it.

DR. MANCINI: Today with respect to Applications for Natural Gas Policy Act Well Status Determinations, we request action on two categories. The first category is request for continuance, which includes Item 50, application by Black Warrior Methane Corporation, and Item 58, application by Taurus Exploration, Inc. If there are no objections, we recommend that these requests for continuance be granted.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

DR. MANCINI: The staff has examined applications and exhibits for Natural Gas Policy Act Well Status Determinations submitted concerning Item 41, application by Alabama Methane Production; Items 42, 43, 44, 45, 46, and 47, applications by Black Warrior Methane Corporation; Items 48 and 49, applications by Grace Petroleum Corporation; Items 51, 52, 53, 54, and 55, applications by Pruet Production Company; and Items 56, 57, 59, and 60, applications by Taurus Exploration, Inc. We'd recommend that the exhibits submitted relating to these items be admitted into the record.

MR. METCALFE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

DR. MANCINI: If there are no objections, we recommend that these NGPA applications be approved.

MR. METCALFE: I move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

DR. MANCINI: The next item on the agenda is approval of the minutes of the April 4, 1988, Special Emergency Meeting of the Board; the April 14, 1988, Hearing Officer Meeting and Special Hearing Officer Meeting; the April 15, 1988, Regular Meeting of the Board; and the April 20, 1988, Special Meeting of the Board. We recommend that the minutes of these--minutes be accepted.

MR. METCALFE: I move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

DR. MANCINI: The following items scheduled to be heard by the Board today include Item 10, Docket 5-17-881, petition by Phillips Petroleum Company; Item 11, Docket No. 5-17-882, petition by Phillips Petroleum Company; Item 12, Docket No. 5-17-883, petition by Phillips Petroleum Company; Item 28, Docket No. 5-17-8819, petition by The River Gas Corporation; Item 36, Docket No. 5-17-8827A, amended petition by Hughes Eastern Corporation; Item 37, Docket No. 5-17-8828, motion by the Board; and Item 40, Docket No. 4-4-881, motion by the Board.

Items 10, 11, and 12 by Phillips Petroleum and Item 36 by Hughes Eastern are contested items. Therefore, if there are no objections, we would recommend that Item 28 be heard first, which is a petition by River Gas, and this is uncontested. Also at the end of the meeting today we have a request by Coastal Oil Corporation to hear a petition. The docket number for that petition is 5-17-8829, so if there are no objections we'll proceed with River Gas. That will be Item 28.

CHMN. ADAMS: Proceed.

MR. HARRISON: Mr. Chairman, I'm Steve Harrison of Tuscaloosa representing River Gas Corporation. I would request that this item be continued until the next regular hearing of the Board.

CHMN. ADAMS: Is there an objection? Hearing none, your request is granted.

MR. HARRISON: Thank you.

DR. MANCINI: Items 10, 11, and 12, petitions by Phillips Petroleum Company.

MR. BROOKER: We would ask that these be consolidated.

CHMN. ADAMS: Your request is granted.

MR. BROOKER: Thank you. I believe Mr. Schell has filed a motion which probably ought to be heard first.

MR. SCHELL: Yes, sir. Good morning, gentlemen. I'm here at the request of a number of property owners who have interests, property owners, lessors, mineral interest owners, who have interests in the SW/4 of Section 27 just north of this Phillips A well. These--the--these individuals include W. Baldwin, Buddy Lloyd, Robert M. Thompson, Clayton Gatlin, Patton Petroleum, Wallace Lee Honeycutt and others, being the heirs of Broadus Honeycutt, a Mr. Kluff who represents, an attorney who represents some incompetents. My clients are of the opinion that the application to--to--for the unit as to the Phillips A as presented should not be approved, that the Phillips A unit should include at least the SW/4 of Section 27. We had employed geologist Marvin Oxley out of Jackson, Mississippi, who is pulling together his materials on that. Marvin had a well coming in Monday, a well coming in today. Marvin was unable to get his materials together. The notice, since these people are scattered all across the countryside, the notice, even though published, is getting to them piecemeal. Had one telephone call

from the, from a attorney, Elvin Godwin, who represents the Wallace Lee Honeycutt and others. Telephone call last night asking to join in this petition. We would ask that the matter be continued over to the next regular scheduled meeting.

CHMN. ADAMS: Any objection?

MR. BROOKER: Yes, sir.

CHMN. ADAMS: All right, what is it?

MR. BROOKER: We're opposed to that. I first need to give the Board a little history so that I think you can understand where we are. Phillips first came to the Board in reference to the Scott A well on November 20, 1986, and in connection with those petitions that were filed in November of 1986, we presented a geological picture of the proposed--what we're now proposing to be named the Southeast Chatom reservoir. That geological picture has not substantially changed from November of 1986 until today. The area of Section 27, which is to the north of the proposed Southeast Chatom area and also adjoins the western, or the eastern edge of the Chatom Unit, has consistently been shown to contain a very small portion of the Smackover porosity that was expected to be encountered at Southeast Chatom. Now we also came back after the original

hearings in November of 1986 and, last September, and obtained permits for the drilling of the Scott B well in which the same geological picture was once again presented. Now, we also prefiled exhibits in connection with Docket 7-22-8723 and 9-10-871 which were petitions seeking the establishment of the Southeast Chatom Field. We had those petitions--those specific petitions were dismissed without prejudice in order that Phillips could drill the Scott B well. The Scott B well has now been drilled and we have now come back to create what we believe to be the proper initial field for the Southeast Chatom Unit. As I understand Mr. Schell's objection and his clients' objection, is that--the--a portion of Section 27 may be productive in this reservoir. Our petitions do not address the south--the southern portion of Section 27 at all. If Section 27 is productive, a well can be drilled in Section 27, and it can be either established as a part of the Southeast Chatom pool, part of the Chatom pool, or a separate pool. Our petition would not foreclose the drilling of a well in Section 27. I might add that Mr.--one Mr. Moseley who is involved with Patton Petroleum has been involved in this thing to my personal knowledge since way back prior to--somewhere in late 1986. I think these people

have had adequate time, adequate notice, of what Phillips is doing, what we're proposing, and what we plan, and we're prepared to go forward today, and I might add that the Scott A well is hooked up. All it awaits is the order of the Board to allow it to produce. Phillips has a tremendous investment in the two wells that have been drilled in the reservoir, and to delay them unduly, which I believe this is an undue delay under the circumstances, would not be fair to them. I might also add that there is another letter that was received by the Board from Mr. McRight, who is not here, and which apparently he joined in Mr. Schell's request. We would like to go forward. I believe these people have had adequate and longstanding notice and knowledge of what Phillips was doing and the request for continuance should be denied.

MR. METCALFE: Mr. Chairman, Mr. Brooker, you know it's the general policy of this Board to grant continuances on the first request so, Mr. Chairman, I so move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

DR. MANCINI: Item 36, Docket No. 5-17-8827A, an amended petition by Hughes Eastern Corporation.

MR. PRESTO: Good morning. Gentlemen, I'm Bob Presto from Brewton. I represent Thomas E. McMillan, Jr., Elvira Tate, and MCM Petro Two, Ltd., which is a Georgia limited partnership, in this matter. Of course Hughes is the petitioner. Our reason for being here this morning is really quite simple. We want to try and convince you to give us a continuance on the matter. If you grant that request, you will give us more time to study the ramifications of this proposal that we received from the petitioner, and you'll give us additional time to hopefully come to some type of agreement with Hughes in the manner in which this area can be developed. Basically, we've got two points here that I'd like to present to you in support of our request for a continuance, basically. No. 1, our, my clients, are--they own a working interest share in the oil and gas lease which makes up this unit. In fact, we own approximately 30% of that lease. We have received an AFE from the petitioner on this matter under the cover of a letter dated May 5. Our receipt was on May 9, which of course, was nine days ago. At this time we

have not approved the AFE nor have we otherwise agreed either in writing or verbally to the terms on that AFE, nor will we likely do that at any near point in time. Therefore, there is no understanding between us in which the manner, or the manner in which our interest in this area will be developed. Of course by definition that makes us a nonconsenting owner. At this time we have not been force pooled into the proposed unit for this well, which by the way is the Gulf State Park 12-16 No. 1. We're not aware of a filing of such a petition by Hughes either as to our interest or as to any other interest that may be nonconsenting. Since we are nonconsenting at this point, it's our opinion that petitioner's OGB certificate 2 on the well may in fact be in error. We would like to request that this matter, the exceptional location matter, be consolidated for or with such a forced pooling petition so that it can be heard by you simultaneously next month. That of course would minimize the expenditure of Board time and expert witness time.

CHMN. ADAMS: Is there an objection?

MR. PRESTO: Well, I would like to proceed. I have a few more points to cover.

CHMN. ADAMS: Go ahead.

MR. PRESTO: I anticipate counsel for the petitioner pointing out the fact that there are agreements in place that would make us consenting owners, at least in the motion here, but there has been a series of operating agreements filed--not filed--but executed between the parties. I would point out that all of the operating agreements with the exception of one has been prepared for 40-acre drilling units. The exceptional one was made for a 160-acre unit. However, our agreement, which was dated May 10 of 1984, has been prepared for a 40-acre unit. The cover page to the agreement as well as the traditional Exhibit A which lists the contract area specifically describes the drilling unit for the Gulf State Park 12-10. That well we did participate in. Had we been given an opportunity after the completion and testing of the 12-10 well to amend the contract area, we may well have negotiated changes to the operating agreement in place. Therefore, it's our contention that this operating agreement that has not been cancelled only applies to the 12-10 40-acre unit. The nonexistence of that operating agreement serves as further evidence to show that we are in fact

nonconsenting and that our interests should be force pooled. My second argument that I would like to propose here is that the unit for the proposed 12-16 well is the entire SE/4 of Section 12 and we are, as I mentioned, a 30% owner in that unit. So there is one important question that needs to be addressed and answered, and it is: Has the 12-10 well been permanently plugged? The answer is no, it has not. There has been a letter submitted to the Board dated April 28 of 1988 from Hughes Eastern whereby the Board was requested to grant a temporary abandoned future utility status to the well. As I understand it, that request has been temporarily granted, at least. However, it should be pointed out that the 12-10 well is still a, technically a producible well. Therefore, having the 12-10 within the same unit as the proposed 12-16 violates, or potentially violates, Rule 400-1-2-.02, which of course prohibits two producible wells from being in the same unit producible from the same pool. Therefore, since we cannot say with certainty that there would be no communication between the two well bores of the 12-10 and the 12-16, the issuance of a, either a permit to drill the 12-16 or the hearing and/or granting

of the petition for exceptional location at this time would be a violation of the rule I just quoted. It's our opinion that we need some type of more definitive action by the petitioner at this time as to the future status of the 12-10 well. We tend to agree with them that it may in fact have some future utility, although we have not reached a definite agreement as to what that utility is. We would propose that just for argument purposes more definitive action could include, but may not necessarily be limited to, the setting of a retrievable plug to prevent this well from being so easily produced. I'd like to close by just reiterating the facts to you that (1) our interests in the 12-16 proposed unit have not been force pooled and they should be; (2) the hearing of this petition and any action on it would potentially constitute a breach of the spacing rules of the Board which seek to prevent two producible wells from being within the same unit at the same time. Based upon all these arguments, we ask that you give us a continuance so as to allow us to more, hopefully, more fruitfully negotiate with the petitioners. I would just say that we have tendered various offers to them in an effort to work out our differences

on this thing. We did submit an offer at the eleventh hour yesterday, which was a revised offer off of our original one. We stayed in the office well after business hours and received a, which was a counteroffer from petitioners, but we were unable to convey that counteroffer to our principals, therefore it is somewhat still pending and action on this matter at this time might be premature.

MR. WATSON: Gentlemen, I'm not gonna take much of your time, with such a covering of the waterfront. Let me, before we roll over and follow our standard policy, which I clearly understand, let's separate a few things. First of all, Hughes Eastern is not in the business of coming in and proposing a second well in a unit, so the status of the 12-10 well has been addressed and would be addressed before any action would be taken on drilling a replacement well. Secondly, Dr. Mancini is in receipt of a letter from Smackco wherein they stated they objected to our exceptional location. Question of force pooling or not force pooling is an issue to be resolved by the parties. We do not have a petition to force pool any interest at this point in time because we feel like force pooling is an

unnecessary procedure. We're the petitioner and we would certainly have the opportunity of filing a force pooling petition if we thought that was necessary. We have a simple case here of requesting an exceptional location. Smackco has responded to that simple request by saying they're opposed to it. We were at issue. Force pooling, status of the well, negotiations of the parties are immaterial. We have one matter before you and that's a request for an exceptional location. These extraneous matters that Mr. Presto referred to can be and will be handled in due course. He has not requested a continuance to get prepared on my exceptional location. He has stated his position in writing to the Board's Supervisor. We're ready to go forward on the merits. He indicated on May 6 he was ready to go forward on the merits. The only question before the Board is on the exceptional location and we are at issue.

CHMN. ADAMS: We'll take a short recess. Just a minute, go ahead and make your comments.

MR. PRESTO: I would like to reiterate the fact that this is our first request for a continuance in this matter. Also, I'd like to point out the fact that Smackco, Ltd., is not a

party to this dispute. It's the parties that I mentioned earlier. I think Mr. Watson incorrectly referred to Smackco. Thirdly, the 12-10 well is a producible well. If a permit is given at this time, or a matter is heard that could lead to a permit at this time, we see it as a potential breach of the spacing rules which specifically prohibit two producing wells there, and we don't see that as a side issue. We see it as a primary issue.

MR. WATSON: Mr. Chairman, your Supervisor is not going to issue us a permit until action is taken on the 12-10 well, which is properly before him. Secondly, the parties in the letter that's in your file from Mr. Chapman on Smackco's stationery states that they are requesting that our petition be denied. They didn't ask for a continuance in this letter.

DR. MANCINI: Mr. Watson, could you highlight the hardship that will be caused if the continuance will be granted?

MR. WATSON: Yes, sir. There is a well producing, Smackco's well that's producing, in a portion of the Myers Sand reservoir that is underlain on our tract. There is drainage occurring that's not offset by a well. Our well, the 12-10 well,

as of last week is shut in. We are looking at 30 to 40 days of additional production that's not compensated by counterproduction, and that's the damage that will occur.

MR. PRESTO: Our well is currently producing. We certainly won't deny that. However, it's--we have been offered the opportunity by the Hughes' engineers to increase the flow of our wells in order to match the flow of their wells. We have made specific elections to deny or not to accept that alternative in the interest of conserving reservoir energy and more efficiently producing what is there to be recovered. We're currently flowing at a significantly reduced rate than at least two of the Hughes wells now in place. This well that--the 7-13 well, which is Smackco--well, the parties' wells here, has been producing for sometime. If it was such an important issue, I would have thought this matter would have come up earlier on, and I would also point out the fact that the statement just made, the 12-10 well was producing just last month, still is a very critical issue to us. We have not agreed to the status of that particular well.

CHMN. ADAMS: Anything else? (No response) We'll take a short recess.

(The hearing was recessed five minutes)

Item 36

Item 37

CHMN. ADAMS: Let the record reflect that the Board's again in session.

MR. METCALFE: Mr. Chairman, in an effort to be fair to both parties, I would move that we grant Mr. Presto's continuance for approximately a week to be heard before a Special Hearing Officer on Friday, May 27, at 10 a.m.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. WATSON: Thank you, sir.

MR. PRESTO: Thank you.

DR. MANCINI: Item 37, Docket No. 5-17-8828, motion by the Board involving Confederate Oil. Is a representative of Confederate Oil here, please? Marvin, do you want to---

MR. ROGERS: I might give a brief background on this. This is a motion by the Board for Confederate Oil Production and the partners of that partnership to show cause why they should be allowed to continue to operate wells. As a general background, the Confederate Oil Production obtained a permit and drilled the Corvin-Mulberry 26-9 well operated by Confederate in Blount County, Alabama. The Board issued an order to plug the well.

The Board ultimately collected the proceeds of a bond covering that well and issued a fine, and that's certainly part of the subject of this motion. Mr. John Fleming is present to speak to this motion.

MR. FLEMING: Mr. Chairman, I'd like to introduce myself. I'm John Fleming. I am the sole remainder---

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

MR. FLEMING: I am from Blountsville, Alabama. I am the sole remaining partner of Confederate Oil Production, or the sole remaining representative. Confederate Oil Production, to give you a brief summary, has been disbanded. Confederate Oil Production at the original time of the permit consisted of four members and the four members, three of the four members dropped out. I am by profession a geologist and I'm presently teaching now at Wallace State Community College geology subjects and geography subjects. To give you a brief summary of the Confederate Oil situation, the Confederate Oil drilled the Corvin-Mulberry and discovered a small sand body that we thought was productive for oil and gas. It produced oil to the surface and we attempted to produce the well. During this time two of

the partners were indicted for embezzling money out of our company account. During this time the brunt of the operation fell on my shoulders and I tried for around two years to operate the well and bring it into a productive capacity.

MR. METCALFE: Excuse me, Mr. Fleming, not to cut you short, but this Board has heard your comments and is aware of your past difficulties, and if you'd state your request I think we'd be prepared to listen.

MR. FLEMING: Well, my request is that the fine, the fine be disallowed due to the fact of the facts that are involved, that I be allowed--I am right now involved in a corporation, IRA Energies, Inc., and we plan to permit wells, plan to drill in the state. Due to my qualification as a petroleum geologist and my background in the state, especially the North Alabama area, then I would request that I be allowed to operate oil and gas wells in the State of Alabama. Since Confederate Oil Production is no longer operational, then the status of Confederate Oil Production and of Gerald Snyder and Jim Shelton I can't speak for, but I'm here to speak for myself and answer any questions.

MR. METCALFE: Thank you, Mr. Fleming. Mr. Chairman, I

move that we (1) dismiss the motion by the Board, and secondly, that we waive the previous fine that's been set given the circumstances and the hardships already placed on Mr. Fleming.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. FLEMING: Thank you.

DR. MANCINI: Item 40, Docket No. 4-4-881, is a continued motion by the Board requesting Collet Ventures and other parties to show cause why the Copeland Sulfur plant and associated pipeline gathering system should not be ordered by the Board to be shut down and operations ceased. Mr. Rogers.

MR. ROGERS: Mr. Chairman and Mr. Metcalfe, Item 40, Dr. Mancini has read the motion. I would request initially that the record in Docket Nos. 3-31-881 and 4-4-881 be incorporated and admitted into this record.

CHMN. ADAMS: Your request is granted.

MR. ROGERS: This motion is set on the Board's docket for the purpose of making permanent the prior emergency orders of the Board relating to the Copeland Sulfur Plant and the associated pipeline gathering system. In Emergency Order E-88-53

issued on March 31, 1988, the Board ordered Collet Ventures, Inc., to cease all operations of the Copeland Sulfur Plant and the associated pipeline gathering system. In Order No. E-88-54 issued on April 4, 1988, the Board ordered the Copeland Sulfur Plant and the associated pipeline gathering system to remain shut down. In Emergency Order E-88-54A issued on April 20, 1988, the Board allowed Collet Ventures, Inc., to commence operations of the Heinmiller well, the pipeline gathering system associated with that well, and the Copeland Sulfur Plant. Further, the Board ordered that Collet be allowed to commence operation for the Britton well and the associated pipeline gathering system for that well in accordance with certain stipulations made at that time. It's the recommendation of the staff that the Board (1) order that Board Order No. E-88-54A issued on April 20, 1988, be made permanent; (2) that Collet Ventures, Inc., be allowed to commence operations of the Heinmiller well, the Britton well, the pipeline gathering lines associated with those wells, and the Copeland Plant; and (3) that the remaining part of the pipeline gathering system remain shut in and shut down at this time. That recommendation as

stated is the recommendation of the staff.

MR. METCALFE: Mr. Chairman, I move that the recommendation by counsel be accepted.

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

(Both Board members voted "aye")

CHMN. ADAMS: The "ayes" have it. The meeting is adjourned.

(Whereupon, at 10:54 a.m. the Hearing was adjourned)

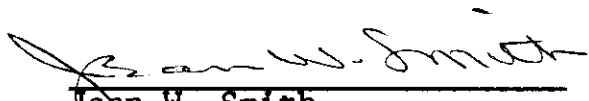
REPORTER'S CERTIFICATE

STATE OF ALABAMA ()

COUNTY OF TUSCALOOSA()

I, Jean W. Smith, Hearings Reporter in and for the State of Alabama, do hereby certify that on Wednesday, May 18, 1988, in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, I reported the proceedings before the State Oil and Gas Board of Alabama in Regular Session; that the foregoing 71 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