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EXHIBITS

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TITLE	DESCRIPTION	OFFERED	RECEIVED
Exhibit 5 (Item 23)	12-9-88 letter to Board from AmSouth Bank	--	--
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Exhibit 1 (Steve Blackburn)	Location plat Horizontal Degas Unit 22C	100	100
Exhibit 2 (Steve Blackburn)	Tract participation plat S10, T19S, R6W	100	100
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Exhibit 1A (Steve Blackburn)	Location plat Horizontal Degas Unit 22F	100	100

EXHIBITS
(Contd)

<u>TITLE</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Exhibit 2A (Steve Blackburn)	Tract Participation plat, S10, T19S, R6W	100	100
Exhibit 3A (Steve Blackburn)	Portion of Jim Walter Resources Mine 3 5 year plan	100	100

STATE OIL AND GAS BOARD OF ALABAMA
Tuscaloosa, Alabama

January 20, 1989

Testimony and proceedings before the State Oil and Gas Board of Alabama, in the Board Room of the State Oil and Gas Board Building, University Campus, Tuscaloosa, Alabama, pursuant to adjournment, on this the 20th day of January, 1989.

BEFORE:

BOARD MEMBERS

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

NAME	REPRESENTING
1. Jerry Ferrell Rt. 1 Uriah, AL	Not listed
2. J. W. Ferrell Rt. 1 Uriah, AL	Not listed
3. Ann Ferrell Rt. 1 Uriah, AL	Not listed
4. Charlotte Akins Star Rt. A, Box 186 Atmore, AL	Not listed
5. Tom Watson Tuscaloosa, AL	Not listed
6. Ike Espy Tuscaloosa, AL	J.F. Hull Triad Oil & Gas
7. Jim Sledge Tuscaloosa, AL	Collet
8. Bill Ramsey Chatom, AL	Collet
9. Ronald Pasadyn Houston, TX	Collet
10. Marcial Forester Jackso, MS	Triad Oil & Gas
11. Chalmas Stinson Jackson, MS	Triad Oil & Gas
12. Manley Denton 6800 College Blvd. Suite 105 Overland Park, KS	Blount County Gas
13. Doug Key Tuscaloosa, AL	Bam Energy
14. Bill Tucker Tuscaloosa, AL	Gene Lightman

APPEARANCES
(Contd)

NAME	REPRESENTING
15. Gene Lightman, Jr. Tuscaloosa, AL	Self
16. George Land Uriah, AL	Not listed
17. Steve Blackburn Birmingham, AL	Black Warrior Methane Corp.
18. Kenny Griffin P. O. Box 2009 Meridian, MS 39301	Lewis Goree
19. David Michael Huggins Turner, Onderdonk & Kimbrough, P.A. Chatom, AL	Not listed

PROCEEDINGS

(The hearing was convened at 10:15 a.m. on Friday,
January 20, 1989, at Tuscaloosa, Alabama)

(Mr. Metcalfe was absent)

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

DR. MANCINI: Mr. Chairman, proper notice of this meeting has been provided. 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 Thursday and Friday, January 19 and 20, 1989, at 10:00 a.m. in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama.

1. DOCKET NO. 9-15-8810

Continued Petition by COLLET VENTURES, INC., a foreign corporation qualified to do and doing business in the State of Alabama, requesting the Board to enter an Order approving the design and operation of certain modifications to the Copeland Gas Plant operated by Petitioner in Washington County, Alabama.

2. DOCKET NO. 11-04-8821

Continued petition by VICTORY RESOURCES, INC., an Alabama Corporation, requesting the State Oil and Gas Board to enter an order force pooling all tracts and interests in a 160 acre wildcat gas drilling and producing unit consisting of the Northeast Quarter of Section 7, Township 11 South, Range 11 West, Marion County, Alabama. This Petition is in accordance with Section 9-17-13, Code of Alabama (1975) and Rule 400-1-13-.01 of the State Oil and Gas Board Administrative Code.

3. DOCKET NO. 12-15-889

Petition by LEWIS OPERATING 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 pursuant to Sections 9-17-1 through 9-17-32 and 9-17-80 through 9-17-88, Code of Alabama (1975) approving plans for a unit consisting of a part of the

Fairview Field, said unit to be known as the "Central Fairview Carter Sand Oil Unit", consisting of the hereinafter described "Unit Area" in Lamar County, Alabama, subject to ratification by working, royalty and overriding royalty owners in accordance with Section 9-17-84, Code of Alabama (1975), so as to require the operation of said unit for the development and production of oil, gas, gaseous substances, sulphur, condensate, distillate, and all associated and constituent liquid or liquefiable substances within or produced from the hereinafter described "Unitized Interval." "The Unitized Interval" is to be designated as the Carter Sand Oil Pool, and is defined as those strata of the Carter Sand productive of hydrocarbons in the interval between the top of the Carter Sand and the base of the Carter Sand, which strata occur between the depths of 2,362 feet and 2,394 feet as depicted by the Compensated Neutron Formation Density Log in the #4 Vista Mae Gilmer Well, Permit No. 2210, located in the Southeast Quarter of the Southeast Quarter of Section 5, Township 14 South, Range 14 West, Lamar County, Alabama, including those strata which can be correlated therewith, or such other interval as may be ordered by the State Oil and Gas Board. Said petition further seeks approval of the form of the Unit Agreement, Unit Operating Agreement and Ratification Agreement. Said

petition further seeks entry of an order by the Board subject to ratification in accordance with Section 9-17-84, Code of Alabama (1975), unitizing, pooling and integrating the "Unit Area" into a single unit so as to require all owners or claimants of royalty, overriding royalty, mineral, leasehold and all other leasehold interests within said unit to unitize, pool and integrate their interests and develop their lands or interests within said "Unit Area" as a single unit, and designating Lewis Operating Company, Inc. as operator of the "Unit Area". The "Unit Area" contains approximately 1,400 acres, more or less, located in Lamar County, Alabama, being more particularly described as follows:

All of Section 5, the North Half of Section 8, the North Half of the South Half of Section 8, the Northwest Quarter of Section 9, the Southwest Quarter of Section 4 and the Southwest Quarter of the Northwest Quarter of Section 4, all in Township 14 South, Range 14 West, Lamar County, Alabama.

This is a companion petition to Docket No. 12-15-8810, seeking to amend the Special Field Rules for the Fairview Field so as to regulate development and operation of the unit area described above.

4. DOCKET NO. 12-15-8810

Petition by LEWIS OPERATING 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 for the Fairview Field, Lamar County, Alabama, so as to regulate development and operation of the "Unit Area" for the proposed Central Fairview Carter Sand Oil Unit, which Unit Area is described as:

All of Section 5, the North Half of Section 8, the North Half of the South Half of Section 8, the Northwest Quarter of Section 9, the Southwest Quarter of Section 4 and the Southwest Quarter of the Northwest Quarter of Section 4, all in Township 14 South, Range 14 West, Lamar County, Alabama.

The proposed amendments would provide for regulation of spacing, distance between wells, and allowables, along with such other matters as are necessary to further development and operation of the proposed Central Fairview Carter Sand Oil Unit.

This is a companion petition to Docket No. 12-15-889, seeking to establish the Central Fairview Carter Sand Oil Unit.

5. DOCKET NO. 12-15-8820

Petition by V. MONTA CURRIE, JR., an independent operator, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving a 160-acre wildcat gas drilling unit consisting of the North Half of the Southwest Quarter and the South Half of the Northwest Quarter, all in Section 26, Township 7 South, Range 3 East, Baldwin County, Alabama, as an exception to Rule 400-1-2-.02 of the State Oil and Gas Board of Alabama Administrative Code, and the West Foley Field Rules if applicable. Said proposed unit is located adjacent to the West Foley Field.

This Petition is filed as a companion to a petition for approval of an exceptional location, and both petitions relate to the same matter, to locate a well at an exceptional location on an exceptional unit.

6. DOCKET NO. 6-23-882

Petition by EXXON CORPORATION, a New Jersey Corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order making permanent amendments to Rules 10 and 11 of the Special Field Rules for the Big Escambia Creek Field, Escambia County, Alabama, said rules pertaining to the Gas

Allowables and Balancing of Production to Allowables. By Order No. 88-158, the Board approved temporary amendments to said Rules 10 and 11, and directed Petitioner to request that said amendments be made permanent by January 31, 1989 or at the Board's regular session in January, 1989. The proposed amendments specify that reallocation of excess allowables and allocation of cancelled allowables shall be based upon a well's ability to produce and during any period of imbalance, in order to achieve balance, a well or wells would be restricted to producing only 20 percent of its average allowable during the previous six-month period. All interested parties take notice that the Board reserves the right, after hearing the evidence in this matter, to grant whatever relief may be deemed appropriate.

7. DOCKET NO. 1-19-891

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 of Alabama to enter an order force pooling all tracts and interests in a 320-acre drilling unit consisting of the North half of Section 17, Township 20 South, Range 13 West, Pickens County, Alabama. This petition is in accordance with Section 9-17-13, Code of Alabama (1975) and Rule 400-1-13-.01 of the State Oil and Gas Board of Alabama Administrative Code.

8. DOCKET NO. 1-19-892

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 of Alabama to enter an order force pooling all tracts and interests in a 320-acre drilling unit consisting of the South Half of Section 17, Township 20 South, Range 13 West, Pickens County, Alabama. This petition is in accordance with Section 9-17-13, Code of Alabama (1975) and Rule 400-1-13-.01 of the State Oil and Gas Board of Alabama Administrative Code. This Petition is filed as a companion to the Petition to amend the Sneads Creek Special Field Rules and the Petition to reform the Doris N. Hamm 17-16 No. 1 Well since all three (3) of these Petitions relate to the same subject matter, that being the Doris N. Hamm 17-16 No. 1 Well.

9. DOCKET NO. 1-19-893

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 reforming a 40-acre wildcat drilling unit for the Doris N. Hamm 17-16 No. 1 Well, Permit No. 6043, consisting of the Southeast Quarter of the Southeast Quarter of Section 17, Township 20 South, Range 13 West to

a 320-acre unit consisting of the South Half of Section 17, Township 20 South, Range 13 West, Pickens County, Alabama, in the Sneads Creek Field. This petition is filed as a companion to the Petition for force pooling of the South Half of said Section 17 and the Petition to amend the Sneads Creek Special Field Rules. All of these Petitions relate to the same subject matter, that being the Doris N. Hamm 17-16 No. 1 Well.

10. DOCKET NO. 1-19-894

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 Rule 1 of the Special Field Rules of the Sneads Creek Field, of Pickens County, Alabama, so as to expand and enlarge the field limits of said Special Field Rules to include Sections 17, 20, 21 and 29 of Township 20 South, Range 13 West and Sections 9 and 10 of Township 21 South, Range 13 West, Pickens County, Alabama. This Petition is filed as a companion to the Petition to reform the Doris N. Hamm 17-16 No. 1 Well and the Petition for force pooling of the South Half of Section 17, Township 20 South, Range 13 West. All of these Petitions relate to the same subject matter, that being the Doris N. Hamm 17-16 No. 1 Well.

11. DOCKET NO. 1-19-895

Petition by MWJ PRODUCING COMPANY, a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to amend Rules 1 and 2 of the Special Field Rules for the East Boxes Creek Field, Fayette County, Alabama, so as to add the entire unit for the Porter 10-11 No. 1 Well, Permit No. 6049, and other lands, to the field limits for said field. Rule 1 would be amended so as to add the North Half of Section 10, and the South Half of Section 3, both in Township 14 South, Range 11 West, Fayette County, Alabama, to the field limits for said field. Rule 2 would be amended to define the Lewis Sand Gas pool as those strata of the Lewis Sand productive of hydrocarbons between 2,460 feet and 2,465 feet in the Porter 10-11 No. 1 Well, Permit No. 6049, as indicated on the Neutron Density Log of said well, including those strata productive of hydrocarbons which can be correlated therewith.

12. DOCKET NO. 1-19-896

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 pursuant to Sections 9-17-1 through 9-17-32 and 9-17-80 through 9-17-88, Code of Alabama (1975)

approving a plan for a fieldwide unit for the West Foshee Oil Field, to be known as the "West Foshee Field Pilot Sand Oil Unit", consisting of the hereinafter described "Unit Area" in Escambia County, Alabama, and requiring the operation of said Unit for the development and production of oil, gas, gaseous substances, sulphur, condensate, distillate, and all associated and constituent liquid or liquefiable substances within or produced from the hereinafter described "Unitized Interval", in order to prevent waste, to maximize efficient recovery from the "Unitized Interval", to avoid the drilling of unnecessary wells, to provide for secondary recovery when conditions warrant, and to protect the coequal and correlative rights. The "Unitized Interval" is to be designated as the Pilot Sand Oil Pool, and is defined as those strata of the Pilot Sand productive of hydrocarbons in the interval between the top of the Pilot Sand and the base of the Pilot Sand which strata occur between the depths of 6,165 feet and 6,280 feet as depicted by the Dual Induction-SFL Log for the A.T.I.C. 34-12 No. 1 Well, Permit No. 5325, located 1850 feet from the South line and 330 feet from the West line of Section 34, Township 2 North, Range 8 East, Escambia County, Alabama, including those strata which can be correlated therewith, or such other interval as may be

ordered by the State Oil and Gas Board. Said petition further seeks approval of the form of Unit Agreement and Unit Operating Agreement, as well as approval of amendments to the Special Field Rules for the West Foshee Oil Field to provide for unitized operations in conformity with the provisions of the Unit Agreement and Unit Operating Agreement. Said petition further seeks entry of an order by the Board unitizing, pooling and integrating the "Unit Area", as underlain by the above defined "Unitized Interval", into a single fieldwide unit so as to require all owners or claimants of royalty, overriding royalty, mineral, leasehold and all other leasehold interests within said unit to unitize, pool and integrate their interests and develop their lands or interests within said "Unit Area" as a single unit, and designating Hughes Eastern Corporation as Operator of the "Unit Area" in accordance with the oil and gas laws of Alabama. The "Unit Area" contains approximately 720 acres, more or less, being more particularly described as follows:

North Half of the Northeast Quarter; Southeast Quarter of the Northeast Quarter and the Northeast Quarter of the Northwest Quarter, Section 32; the North Half and the Northeast Quarter of the Southeast Quarter, Section 33; and the Southwest Quarter of the

Northwest Quarter; and the Southwest Quarter, Section 34, all in Township 2 North, Range 8 East, Escambia County, Alabama.

13. DOCKET NO. 1-19-897

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 amending Rule 1 of the Special Field Rules for the West Foshee Oil Field, Escambia County, Alabama, by deleting the following parcels:

Southwest Quarter of the Northeast Quarter, and the Northwest Quarter of the Northwest Quarter of Section 32, Southeast Quarter of Northwest Quarter and West Half of Southeast Quarter of Section 34, all in Township 2 North, Range 8 East, Escambia County, Alabama.

14. DOCKET NO. 1-19-898

Petition by BLACK WARRIOR METHANE CORPORATION, an Alabama Corporation, requesting the State Oil and Gas Board to enter an order amending Rules 3, 5 and 10 of the Special Field Rules for the Brookwood Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama. Rules 3, 5 and 10 will amend provisions concerning operations associated with horizontal boreholes and/or gob-production wells.

15. DOCKET NO. 1-19-899

Petition by V. MONTA CURRIE, JR., an independent operator, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to amend Rules 1 and 2 of the Special Field Rules for the North Schoolhouse Branch Field, Baldwin County, Alabama, so as to add the Sanders, et al. Unit 22-2 No. 1 Well, Permit No. 5701, to the field limits for said field. Rule 1 would be amended so as to add the Northeast Quarter of Section 22, Township 7 South, Range 3 East, Baldwin County, Alabama, to the field limits for said field. Rule 2 would be amended to define the Amos "E" Sand Gas pool as those strata of the Amos Sand productive of hydrocarbons between 1,618 feet and 1,627 feet in the Sanders et al. Unit 22-2 No. 1 Well, Permit No. 5701, as indicated on the Dual Induction Log of said well, including those strata productive of hydrocarbons which can be correlated therewith.

16. DOCKET NO. 1-19-8910

Petition by MERIDIAN OIL, 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 in Pickens County, Alabama, the McShan Lake Field, or such other name as the Board deems proper, and to adopt Special Field Rules therefor.

The proposed field consists of the East Half of Section 32, and the West Half of Section 33, all in Township 18 South, Range 15 West, Pickens County, Alabama, as underlain by the Carter and Lewis Sand Gas Pools. The Carter Sand Gas Pool is defined as that interval of the Carter Sandstone productive of hydrocarbons between 5,631 feet and 5,713 feet as indicated on the Phasor Induction Log for the Blalock 33-13 No. 1 Well, Permit No. 5523. The Lewis Sand Gas Pool is defined as that interval of the Lewis Sandstone productive of hydrocarbons between 5,904 feet and 5,937 feet as indicated on said Phasor Induction Log for the Blalock Well. Petitioner is requesting well spacing of 320 acres per unit, and is also requesting the establishment of allowables for said field.

17. DOCKET NO. 1-19-8911

Petition by COX OIL AND GAS, 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 oil field in Conecuh County, Alabama, to be named the West Range Field, or such other name as deemed appropriate by the Board, and to promulgate Special Field Rules for the new oil field. Petitioner proposes that the field limits consist of Section 12, and the North Half of Section 13, Township 4 North, Range 7 East, and Section 7

and the North Half of Section 18, Township 4 North, Range 8 East, all in Conecuh County, Alabama. The Smackover Oil Pool in said field is to be defined as that interval productive of hydrocarbons as defined on the Schlumberger Volan Log between the depths of 13,142 feet and 13,320 feet, as encountered in the Paramount-A.T.I.C. 7-13 No. 1 Well, Permit No. 5930, which has a bottom hole location of 394.4 feet from the South Line and 1,133.6 feet from the West Line of Section 7, Township 4 North, Range 8 East, Conecuh County, Alabama, including all zones in communication therewith and all productive extensions thereof. Petitioner is requesting spacing of 160 acres consisting of governmental quarter sections for wells completed in the Smackover Oil Pool. Petitioner is also requesting the establishment of allowables.

This petition is filed as a companion to the petitions for the approval of an exceptional location and reformation of the above-described unit. All petitions relate to the same matter, the Paramount-A.T.I.C. 7-13 No. 1 Well.

18. DOCKET NO. 1-19-8912

Petition by COX OIL AND GAS, 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 reforming a 40-acre wildcat drilling unit for the Paramount-A.T.I.C. 7-13 No. 1 Well, Permit No. 5930, consisting of the Southwest Quarter of the Southwest Quarter of Section 7, Township 4 North, Range 8 East, into a 160-acre drilling and production unit consisting of the Southwest Quarter of Section 7, Township 4 North, Range 8 East, all in Conecuh County, Alabama, in the proposed West Range Field.

This petition is filed as a companion to the petition for the establishment of a new oil field and the approval of an exceptional location for the above-described unit. All petitions relate to the same matter, the Paramount-A.T.I.C. 7-13 No. 1 Well.

19. DOCKET NO. 1-19-8913

Petition by COX OIL AND GAS, 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 a bottom hole location as an exceptional location for the Paramount-A.T.I.C. 7-13 No. 1 Well, Permit No. 5930. Said well was drilled on a 40-acre wildcat drilling unit at a location 375 feet from the South line and 975 feet from the West line of Section 7, Township 4 North, Range 8 East, Conecuh County, Alabama. The bottom hole location for said Paramount-A.T.I.C. 7-13 No. 1 Well

is 394.4 feet from the South line and 1,133.6 feet from the West line of Section 7, Township 4 North, Range 8 East, on a proposed 160 acre unit consisting of the Southwest Quarter of said Section 7 and as such is an exception to Rule 3 of the proposed Special Field Rules for West Range Field, that requires all wells to be located at least 660 feet from every exterior boundary of drilling units.

This petition is filed as a companion to the petition for the establishment of a new oil field and the approval of the reformation of the above-described unit. All petitions relate to the same matter, the Paramount-A.T.I.C. 7-13 No. 1 Well.

20. DOCKET NO. 1-19-8914

Petition by MAGUIRE OIL COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order naming a new gas field the "South Wild Fork Creek (Smackover-Frew Zone) Field" or some other name deemed appropriate by the Board, and to promulgate Special Field Rules for such field. The area to be included in the new field consists of all of the following lands, to-wit: All of Section 8, the East 1/2 of Section 7, and the Southeast 1/4 of Section 6, Township 2 North, Range 9 East, Escambia County, Alabama, underlain by the Smackover Gas Pool and

all productive extensions thereof. The Smackover Gas Pool is to be defined as those strata of the Smackover Formation productive of hydrocarbons in the interval of 14,276 feet to 14,310 feet as indicated on the dual induction SFL log in the Huxford Estate 8-4 Well No. 1 (Permit No. 5869) located 464 feet from the west line and 532 feet from the north line of Section 8, Township 2 North, Range 9 East, Escambia County, Alabama.

Petitioner is requesting the establishment of 640 acre spacing; that all wells be located no less than 1320 feet from unit lines, without exception being first had and obtained; and is also requesting the establishment of allowables for wells drilled in such field.

This petition is filed as a companion petition to those certain petitions bearing Docket Nos. 1-19-8916 and 1-19-8917, all of which relate to the same subject matter, the Huxford 8-4 No. 1 Well and the proposed South Wild Fork Creek (Smackover-Frew Zone) Field, Escambia County, Alabama.

21. DOCKET NO. 1-19-8915

Petition by MAGUIRE OIL COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order reforming the drilling unit for the MAGUIRE OIL COMPANY Huxford Estate 8-4 No. 1 Well (Permit No. 5869)

with a surface location of 464 feet from the West line and 532 feet from the North line of Section 8, Township 2 North, Range 9 East, Escambia County, Alabama, from a 40-acre unit comprised of the Northwest 1/4 of the Northwest 1/4 of Section 8, Township 2 North, Range 9 East to a 640-acre oil unit comprised of all of Section 8, Township 2 North, Range 9 East, Escambia County, Alabama, in order to make said unit, as reformed, conform with the requirements of the proposed Special Field Rules for the proposed South Wild Fork Creek (Smackover-Frew Zone) Field in accordance with Section 9-17-2, Code of Alabama, (1975) and alternatively, as an exception to Rule 400-1-2-.02 of the State Oil and Gas Board of Alabama Administrative Code.

This petition is filed as a companion petition to those certain petitions bearing Docket Nos. 1-19-8915 and 1-19-8917, all of which relate to the same subject matter, the Huxford 8-4 No. 1 Well and the proposed South Wild Fork Creek (Smackover-Frew Zone) Field, Escambia County, Alabama.

22. DOCKET NO. 1-19-8916

Petition by MAGUIRE OIL COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting an exception to Rule 400-1-2-.02 of the State Oil and Gas Board of Alabama Administrative Code and Rule 3 of the proposed Special Field Rules for the proposed

South Wild Fork Creek (Smackover-Frew Zone) Field, Escambia County, Alabama, with respect to the MAGUIRE OIL COMPANY Huxford Estate 8-4 No. 1 Well (Permit No. 5869) in the proposed South Wild Fork Creek (Smackover-Frew Zone) Field at an exceptional bottom hole location 377.01 feet from the West line and 546.38 feet from the North line of Section 8, Township 2 North, Range 9 East, Escambia County, Alabama, and to further provide that such well shall be subject to proration.

This petition is filed as a companion petition to those certain petitions bearing Docket Nos. 1-19-8915 and 1-19-8916, all of which relate to the same subject matter, the Huxford 8-4 No. 1 Well and the proposed South Wild Fork Creek (Smackover-Frew Zone) Field, Escambia County, Alabama.

23. DOCKET NO. 1-19-8917

Petition or Application pertaining to Order No. 88-243 requesting the Board to grant rehearing on petitions by J. W. Ferrell and Strago Petroleum Corporation bearing Docket Nos. 10-17-882, 10-17-883, 10-17-884, 10-17-885, 10-17-886, and 10-17-887A relating to Palmers Crossroads Field, Monroe County, Alabama, pursuant to Section 41-22-17 of the Code of Alabama (1981). The State Oil and Gas Board will hear argument and consider evidence on the Petition or Application for Rehearing concerning only the issue of

notice of the Petitions by Strago Petroleum Corporation and J. W. Ferrell. All interested parties are advised that the Board may enter such orders as in its judgment or discretion are necessary concerning this matter.

This item will be heard on Friday, January 20, 1989.

24. DOCKET NO. 1-19-8918

Motion by the Board requesting HUGHES TEXAS PETROLEUM CORPORATION, operator of the well described hereinbelow to show cause why this well should not be ordered immediately plugged.

<u>PERMIT NO.</u>	<u>WELL NAME</u>	<u>LOCATION</u>
4116	Peeks 29-1	S29, T18S, R14W, Pickens County, Alabama

In the event the Board orders the well to be plugged and the operator fails to plug the well properly, then the Board will collect the proceeds of the well bond in order to commence plugging operations. Section 9-17-6(5) of the Code of Alabama (1975) authorizes the Board to require a bond, conditioned upon the performance of duties, one of which is the duty to plug each dry or abandoned well.

25. DOCKET NO. 1-19-8919

Motion by the Board requesting BLOUNT COUNTY EXPLORATION LIMITED PARTNERSHIP NO. 1, operator of the well described hereinbelow to show cause why this well should not be

ordered immediately plugged.

<u>PERMIT NO.</u>	<u>WELL NAME</u>	<u>LOCATION</u>
3070	E.J. Martin 30-6	S30, T13S, R3W, Blount County, Alabama

In the event the Board orders the well to be plugged and the operator fails to plug the well properly, then the Board will collect the proceeds of the well bond in order to commence plugging operations. Section 9-17-6(5) of the Code of Alabama (1975) authorizes the Board to require a bond, conditioned upon the performance of duties, one of which is the duty to plug each dry or abandoned well.

26. DOCKET NO. 1-19-8920

Motion by the Board requesting BAM ENERGY, INC., operator of the wells described hereinbelow to show cause why these wells should not be immediately plugged.

<u>PERMIT NO.</u>	<u>WELL NAME</u>	<u>LOCATION</u>	<u>COUNTY</u>
1734	FNBB 1-2	S18,T12S,R8W	Winston
1821	Deason 17-4	S17,T12S,R8W	Winston
2053	FNBB #7	S7,T12S,R8W	Winston
2136	FNBB 7-6	S7,T12S,R8W	Winston
2146	St. of Ala.- Young #1	S12,T12S,R9W	Winston
2187	FNBB 26-10 #1	S26,T13S,R7W	Walker
2284	Batchelor 32-14	S32,T9S,R10W	Winston
3141	Ulysses 30-3	S30,T13S,R7W	Walker
4314	AmSouth 28-11 #3	S28,T13S,R7W	Walker

In the event the Board orders these wells to be plugged and the operator fails to plug the wells properly, then the Board will collect the proceeds of the well bonds in order to commence plugging operations. Section 9-17-6(5) of the Code of Alabama (1975) authorizes the Board to require a bond, conditioned upon the performance of duties, one of which is the duty to plug each dry or abandoned well.

27. DOCKET NO. 11-04-8831

Continued Motion by the Board to amend Rule 400-1-3-.13 of the State Oil and Gas Board Administrative Code relating to Deviation Tests to clarify existing requirements.

28. DOCKET NO. 9-15-8831

Continued Motion by the Board to enter an Order for the Staff of the Board to collect the proceeds of well bonds covering the following described wells in order to plug, abandon and restore certain wells and sites in the Pollard Field, Escambia County, Alabama, in accordance with the Rules and Regulations of the State Oil and Gas Board of Alabama:

<u>WELL NAME</u>	<u>PERMIT NO.</u>	<u>LOCATION</u>	<u>FIELD</u>
Crosby Salt Water Disposal No. 1	4858-SWD-86-1	S13,T1N,R8E	Pollard
Loper et al 12-11 No. 1	2885	S12,T1N,R8E	Pollard

A.W.Moye No. 5	400	S18,T1N,R9E	Pollard
L.G.Crosby No. 6	375	S12,T1N,R8E	Pollard
A.W.Moye No. 4	370	S18,T1N,R9E	Pollard
G.A.Carter No. 1	357	S18,T1N,R9E	Pollard
Crosby No. 9	495	S12,T1N,R8E	Pollard
Pollard Saltwater	409	S13,T1N,R8E	Pollard

Disposal System 1

No. 4 (Crosby No. 7)

L.G.Crosby No. 5	371-SWD-81-4	S13,T1N,R8E	Pollard
Pollard Saltwater	343	S13,T1N,R8E	Pollard

Disposal System 1

No. 5 (Crosby No. 1)

The operations to be conducted by the Board shall include, but are not limited to, the removal of associated production and storage equipment and materials located at the following sites: the Lister Tank Battery, Section 18, Township 1 North, Range 9 East, the Osaka Tank Battery located in Section 11, Township 1 North, Range 8 East, and the Moye Tank Battery, located in Section 12, Township 1 North, Range 8 East.

29. DOCKET NO. 11-04-8828

Continued Motion by the Board requesting CAHABA BASIN OIL & GAS COMPANY, operator of the well described hereinbelow to show cause why this well should not be ordered immediately plugged.

PERMIT NO.

WELL NAME

LOCATION

4530-A

Goodson 9-7

S9,T22N,R9E

Bibb County, Alabama

In the event the Board orders the well to be plugged and the operator fails to plug the well properly, then the Board will collect the proceeds of the well bond in order to commence plugging operations. Section 9-17-6(5) of the Code of Alabama (1975) authorizes the Board to require a bond, conditioned upon the performance of duties, one of which is the duty to plug each dry or abandoned well.

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

30. DOCKET NO. 11-3-881PD

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 1st National Bank of Tuskaloosa 34-16-2 well (Permit No. 5856CG) in Section 34, Township 19S, Range 8W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

31. DOCKET NO. 11-3-886PD

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 2-11-1 well (Permit No. 5948CG) in Section 2, Township 19S, Range 6W, Jefferson County, Alabama in the Oak Grove Coal Degasification Field, Pottsville Coal Interval.

32. DOCKET NO. 11-3-887PD

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 2-14-2 well (Permit No. 5949CG) in Section 2, Township 19S, Range 6W, Jefferson County, Alabama in the Oak Grove Coal Degasification Field, Pottsville Coal Interval.

33. DOCKET NO. 11-3-888PD

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 11-2-1 well (Permit No. 5950CG) in Section 11, Township 19S, Range 6W, Jefferson County, Alabama in the Oak Grove Coal Degasification Field, Pottsville Coal Interval.

34. DOCKET NO. 12-15-881PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the Horizontal Degas. Boreholes Unit 21-A well (Permit No. 5966-C) in Section 2, Township 19S, Range 6W, Jefferson County, Alabama in the Oak Grove Coal Degasification Field, Pottsville Coal Interval.

35. DOCKET NO. 12-15-882PD

Continued application by Black Warrior Methane Corp.

for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the Horizontal Degas. Boreholes Unit 21-B well (Permit No. 5967-C) in Section 11, Township 19S, Range 6W, Jefferson County, Alabama in the Oak Grove Coal Degasification Field, Pottsville Coal Interval.

36. DOCKET NO. 12-15-883PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the Horizontal Degas. Boreholes Unit 22-A well (Permit No. 5968-C) in Section 10, Township 19S, Range 6W, Jefferson County, Alabama in the Oak Grove Coal Degasification Field, Pottsville Coal Interval.

37. DOCKET NO. 12-15-884PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the Horizontal Degas. Boreholes Unit 22-B well (Permit No. 5969-C) in Section 10, Township 19S, Range 6W, Jefferson County, Alabama in the Oak Grove Coal Degasification, Pottsville Coal Interval.

38. DOCKET NO. 12-15-885PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the Horizontal Degas. Boreholes Unit 22-C well (Permit No. 5970-C) in Section 10, Township 19S, Range 6W, Jefferson County, Alabama in the Oak Grove Coal Degasification Field, Pottsville Coal Interval.

39. DOCKET NO. 12-15-886PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the Horizontal Degas. Boreholes Unit 22-D well (Permit No. 5971-C) in Section 10, Township 19S, Range 6W, Jefferson County, Alabama in the Oak Grove Coal Degasification Field, Pottsville Coal Interval.

40. DOCKET NO. 12-15-887PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the Horizontal Degas. Boreholes Unit 22-E well (Permit No. 5972-C) in Section 10, Township 19S, Range 6W, Jefferson County, Alabama in the Oak Grove Coal

Degasification Field, Pottsville Coal Interval.

41. DOCKET NO. 12-15-888PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the Horizontal Degas. Boreholes Unit 22-F well (Permit No. 5973-C) in Section 10, Township 19S, Range 6W, Jefferson County, Alabama in the Oak Grove Coal Degasification Field, Pottsville Coal Interval.

42. DOCKET NO. 12-15-889PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the Horizontal Degas. Boreholes Unit 23-A well (Permit No. 5974-C) in Section 3, Township 19S, Range 6W, Jefferson County, Alabama in the Oak Grove Coal Degasification Field, Pottsville Coal Interval.

43. DOCKET NO. 12-15-881OPD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the Horizontal Degas. Boreholes Unit 23-B well (Permit No. 5975-C) in Section 3, Township 19S, Range 6W,

Jefferson County, Alabama in the Oak Grove Coal Degasification Field, Pottsville Coal Interval.

44. DOCKET NO. 12-15-8814PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the U.S. Pipe & Foundry 11-13-33 well (Permit No. 5991-CG) in Section 11, Township 20S, Range 8W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

45. DOCKET NO. 12-15-8815PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the USX 3-9-1 well (Permit No. 6009-CG) in Section 3, Township 19S, Range 6W, Jefferson County, Alabama in the Oak Grove Coal Degasification Field, Pottsville Coal Interval.

46. DOCKET NO. 12-15-8817PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the Horizontal Degas. Boreholes Unit 3-CB well (Permit

No. 5865-C) in Section 25, Township 20S, Range 8W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

47. DOCKET NO. 12-15-8818PD

Continued application by Black Warrior Methane Corp. for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the Wesley West 3-1-1 well (Permit No. 5920-CG) in Section 3, Township 20S, Range 8W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

48. DOCKET NO. 12-15-8819PD

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 13-3-7 well (Permit No. 5836-CG) in Section 13, Township 20S, Range 8W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

49. DOCKET NO. 12-15-8820PD

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 25-7-3 well (Permit No. 5892-CG) in Section 25, Township 20S, Range 8W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

50. DOCKET NO. 12-15-8821PD

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 25-7-2 well (Permit No. 5907-CG) in Section 25, Township 20S, Range 8W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

51. DOCKET NO. 12-15-8822PD

Continued application by Browning & Welch, Inc. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the Bagwell 24-4 #1 well (Permit No. 5941) in Section 24, Township 16S, Range 13W, Fayette County, Alabama.

52. DOCKET NO. 1-19-891PD

Application by Browning & Welch, Inc. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the Sullivan

05-05 #1 well (Permit No. 4097) in Section 5,
Township 18S, Range 13W, Pickens County, Alabama in
the Lubbub Creek Field, Lewis Sand Gas Pool.

53. DOCKET NO. 1-19-892PD

Application by Browning & Welch, Inc. for a new
natural gas determination under Section 102(c)(1)(C)
(New Onshore Reservoir) of the NGPA for the Parker
07-01 #1 well (Permit No. 4102) in Section 7,
Township 18S, Range 13W, Pickens County, Alabama in
the Lubbub Creek Field, Fayette Sand Gas Pool.

54. DOCKET NO. 1-19-893PD

Application by Samson Resources Company for a new
natural gas determination under Section 103 (New
Onshore Well) of the NGPA for the Carpenter-Shirley
9-15 #1 well (Permit No. 5728) in Section 9,
Township 18S, Range 14W, Pickens County, Alabama in
the Coal Fire Creek Field, Carter and Lewis Sand Gas
Pools.

55. DOCKET NO. 1-19-894PD

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
Horizontal Degas. Boreholes Unit 5A well (Permit No.

5710C) in Section 3, Township 20S, Range 8W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

56. DOCKET NO. 1-19-895PD

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 07-03-07 well (Permit No. 5961CG) in Section 7, Township 20S, Range 7W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

57. DOCKET NO. 1-19-896PD

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 07-04-08 well (Permit No. 5990CG) in Section 7, Township 20S, Range 7W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

58. DOCKET NO. 1-19-897PD

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 11-13-34 well (Permit No. 6027CG) in Section 11, Township 20S, Range 8W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

59. DOCKET NO. 1-19-898PD

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 11-12-35 well (Permit No. 6028CG) in Section 11, Township 20S, Range 8W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

60. DOCKET NO. 1-19-899PD

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 13-05-01 well (Permit No. 6092CG) in Section 13, Township 20S, Range 7W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

61. DOCKET NO. 1-19-8910PD

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 13-05-02 well (Permit No. 6093CG) in
Section 13, Township 20S, Range 7W, Tuscaloosa
County, Alabama in the Brookwood Coal Degasification
Field, Pottsville Coal Interval.

"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 9-17-1 et seq. of the Code of Alabama (1975) 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 next meeting of the Board will be held on Thursday and Friday, March 2 and 3, 1989 at 10:00 a.m. in the Board Room of the State Oil and Gas Board Building, Tuscaloosa, Alabama. The notices for the March meeting must be filed on or before February 7, 1989. Petitions, exhibits, affidavits and proposed orders must be filed on or before February 16, 1989. 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.

"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. McCorquodale, this is the report of the Hearing Officer on the items heard by the Hearing Officer and the staff on Thursday, January 19, 1989. I recommend that the following items be continued: Item 2, Docket No.

11-4-8821, petition by Victory Resources, Inc.; Item 3, Docket No. 12-15-889, petition by Lewis Operating Company, Inc.; Item 4, Docket No. 12-15-8810, petition by Lewis Operating Company, Inc.; Item 5, Docket No. 12-15-8820, petition by V. Monta Currie, Jr.; Item 16, Docket No. 1-19-8910, petition by Meridian Oil, Inc.; Item 24, Docket No. 1-19-8918, motion by the Board for plugging the Peaks 29-1 Well in Pickens County, Alabama; Item 27, Docket No. 11-4-8831, a motion by the Board to amend Rule 400-1-3-.13 relating to Deviation Tests; and Item 28, Docket No. 9-15-8831, motion by the Board to enter an order for the plugging of certain wells in the Pollard Field in Escambia County, Alabama. It is the recommendation of the Hearing Officer that those items be continued.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 12, Docket No. 1-19-896, a petition by Hughes Eastern Corporation. I recommend that petition be continued until February 3, 1989, at 10 o'clock a.m.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 13, Docket No. 1-19-897, is a petition by Hughes Eastern Corporation. I recommend that petition be continued to February 3, 1989, at 10 o'clock a.m.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: We have received requests for dismissals of the following items: Item 17, Docket No. 1-19-8911, petition by Cox Oil and Gas, Inc.; Item 18, Docket No. 1-19-8912, petition by Cox Oil and Gas, Inc., and Item 19, Docket No. 1-19-8913, petition by Cox Oil and Gas, Inc. I recommend those petitions be dismissed without prejudice.

MR. MCCORQUODALE: 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 petitioners' requests. The Hearing Officer will present recommendations to the Board.

MR. ROGERS: The following are petitions for force pooling: Item 7, Docket No. 1-19-891, is a petition by Justiss Oil Company, Inc. Are there any comments? We left the record open on that item if there are any comments or evidence that anyone would like to submit on that item. (No response) The record will note that we hear no comments. I recommend that petition be granted.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 8, Docket No. 1-19-892, is a petition for force pooling by Justiss Oil Company, Inc. I recommend that petition be granted.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 6, Docket No. 6-23-882, is a petition by Exxon Corporation to amend certain field rules in the Big Escambia Creek Field in Escambia County. I recommend the petition be granted.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 9, Docket No. 1-19-893, is a petition by Justiss Oil Company, Inc., to reform a unit in the Sneads Creek Field in Pickens County, Alabama. I recommend the petition be granted.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 10, Docket No. 1-19-894, is a petition by Justiss Oil Company, Inc., to amend the field rules for the Sneads Creek Field in Pickens County, Alabama. I recommend the petition be granted.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 11, Docket No. 1-19-895, is a petition by MWJ Producing Company to amend the field rules for the East Boxes Creek Field in Escambia County. I recommend the petition be granted.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 14, Docket No. 1-19-898, is a petition by Black Warrior Methane Corporation to amend the Special Field

Rules for the Brookwood Coal Degasification Field, Tuscaloosa and Jefferson Counties. I recommend the petition be granted.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 15, Docket No. 1-19-899, is a petition by V. Monta Currie, Jr., to amend the field rules for the North Schoolhouse Branch Field in Baldwin County. I recommend the petition be granted.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. ROGERS: Item 20, Docket No. 1-19-8914, is a petition by Maguire Oil Company to establish the South Wild Fork Creek Field in Escambia County. I recommend that petition be granted with the following stipulations: (1) That the name of the field shall be the South Wild Fork Creek Field; (2) that the field limits for the South Wild Fork Creek Field shall consist of Section 8, Township 2 North, Range 9 East, Escambia County, Alabama, as

underlain by the Smackover Gas Pool and all productive extensions thereof; and (3) that Rule 10 and Rule 12 of the Special Field Rules shall read as set forth in Exhibit A which is attached to the Special Field Rules.

MR. MCCORQUODALE: 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. 1-19-8915, is a petition by Maguire Oil Company to reform the unit for a gas well. I recommend that petition be granted.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: Item 22, Docket No. 1-19-8916, is a petition by Maguire Oil Company for an exceptional location. I recommend the petition be granted with the stipulation that the well be subject to proration.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: The "ayes" have it.

MR. ROGERS: In regard to Applications for Natural Gas Policy Act Well Status Determinations, today we request action on three categories. The first category is request for continuance, which includes Items 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, and 50, 55, 56, 57, 58, 59, 60, and 61, applications by Black Warrior Methane Corporation, and Item 54, an application by Samson Resources Company. If there are no objections, we'd recommend that these requests for continuance be granted.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

DR. MANCINI: The second category is request for dismissal without prejudice for Items 52 and 53, applications by Browning & Welch, Inc. If there are no objections, we recommend that this request for dismissal be granted.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: The "ayes" have it.

DR. MANCINI: The staff has examined applications and exhibits for Natural Gas Policy Act Well Status Determinations submitted concerning Item 51, application by Browning & Welch, Inc. We'd recommend that the exhibits submitted relating to this item be admitted into the record.

CHMN. ADAMS: They are admitted.

DR. MANCINI: If there are no objections, we recommend that these NG--that this NGPA application be approved.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

DR. MANCINI: Items due to be heard by the Board today are Item 1, Docket No. 9-15-8810, petition by Collet Ventures, Inc., to approve the Copeland Gas Plant, Washington County; Item 23, Docket No. 1-19-8917, petition or application for rehearing pertaining to Order No. 88-243 relating to the Palmers Crossroads Field, Monroe County; Item 25, Docket No. 1-19-8919, motion by the Board to plug the E. J. Martin 30-6 Well, Blount County; Item

26, Docket No. 1-19-8920, motion by the Board to plug certain wells in Winston and Walker Counties; and Item 29, Docket No. 11-04-8828, motion by the Board to plug the Goodson 9-7 Well in Bibb County. Also petitions by Black Warrior Methane Corporation, Docket Nos. 1-19-8921 and 1-19-8922, will also be heard by the Board at the close of the hearing. First up then will be Item 1, petition by Collet Ventures, Inc.

MR. ROGERS: Would you gentlemen state your names and addresses?

FIRST WITNESS: Ronald Pasadyn, Houston, Texas.

SECOND WITNESS: Bill Ramsey, Chatom, Alabama.

(Witnesses were sworn by Mr. Rogers)

MR. SLEDGE: Mr. Chairman, I'm Jim Sledge from Tuscaloosa, representing the petitioner in this matter. We're here today to seek approval of the design and construction of certain modifications to Collet's gas processing plant located near Copeland, Alabama, which have now been--these design modifications have now been completed. This process that was started in the summer and the plant was restarted in December of 1988. Mr. Pasadyn, you are a chemical engineer and you have

submitted to the Board a sworn statement of your qualifications?

MR. PASADYN: Yes.

MR. SLEDGE: Would you please briefly review your work experience for the record?

MR. PASADYN: I'm a process design consultant. I have had my own business for seven years doing plant troubleshooting, debottlenecking, small plant modifications. Prior to that, I was the senior process design engineer and chief process engineer for Chapman Engineers, Inc., in Houston, Texas, working on the design of natural gas processing plants, natural gas treating plants, designed and started up approximately 20 different facilities. Prior to that, I worked for NASA and spent several years in the Navy.

RONALD PASADYN

Appearing as a witness on behalf of Petitioner, Collet Ventures, Inc., testified as follows:

DIRECT EXAMINATION

Questions by Mr. Sledge:

Q How did you first become involved in the design of the modifications to the Collet plant?

A I was retained approximately 2 1/2 years ago to do general plant troubleshooting, debottlenecking, for the plant. That consisted of small projects for a short period of time. We looked at debottlenecking the existing facility, oh, about a year and a half ago. The project was put on hold until new gas was found. That was found and, I guess, probably in January of '88, we went forward with a detailed design to debottleneck the facility to accept new gas into the plant.

Q When you say debottleneck, this was to, primarily to increase the liquids capacity in the plant?

A Yeah, the plant, the plant is designed to process sour natural gas and sour natural gas liquids. That stream comes into the plant, the gas stream is processed by one method, the liquids are processed by a second, and the existing liquid processing system was not of sufficient capacity to handle the stream coming into the plant and it restricted the total capacity of the plant.

Q Now in January when you kicked off your actual design of the project, tell the Board what you did and how it was accomplished.

A O.K. In January we evaluated the existing process and looked at increasing its capacity to handle liquids and chose an alternate more conventional process to process those liquids and went ahead with a detailed process design and equipment specification for the equipment to do that.

Q Now did you work with Chapman Engineering in certain aspects of this design?

A Yes, my responsibility was for the process design, major equipment, instrumentation specification, and Chapman Engineers did the detailed mechanical design and engineering on the project.

Q And also in working with Collet, did you assist in the acquisition of certain items of major--major items of equipment?

A Yes. Having specified all the major equipment, I inquired those, evaluated the bids, and recommended the purchase to Collet Ventures. I also interfaced with Chapman Engineers to review their mechanical drawings and assist the plant in the construction of the facility.

Q During the construction phase, what was your involvement?

A Reviewing drawings, answering questions from the field construction people, expediting equipment.

Q Were you at the plant during construction?

A Yeah, I visited the plant several times during construction and had frequent phone conversations.

Q All right. You've prepared--or have you prepared Exhibit No. 1?

A Yes. Exhibit No. 1 is a set of flow sheets for the modified facility. It begins with a block diagram which summarizes the total plant, and then there is a plot plan and then detailed process and instrumentation diagrams that show the flow of all the fluids through the facility. If you look at the first page of the block diagram, most of the facilities were the existing facilities when the plant was originally built some five years ago. There's a number of blocks on this diagram that represent new facilities and let me briefly describe those. Basically, what we've done is we've replaced a liquid treating system with a sour liquid stabilization system and low pressure gas treating. The liquid treating system was undersized for the available liquids that were present and again limited the capacity of

the plant. That particular processing scheme also was very expensive to operate and when we proceeded with the debottlenecking we went to an alternate scheme, which is more conventional in the industry, of stabilizing the liquids first and then treating low pressure gas to remove the hydrogen sulfide.

Q In the process of doing this, did you also achieve a process that is easier to operate?

A Yes, this process is easier to operate from the standpoint that the previous process was susceptible to pipeline contamination, products affecting the process, causing process upsets. Those have now been eliminated and the plant operates more efficiently.

Q Without asking you to go through each page of Exhibit 1, is it a fair summarization for you to say that the equipment in the sour gas service part of the plant was specifically designed for sour gas service?

A Yes, all of the sour gas equipment is designed according to ASME codes. NACE, the National Association of Corrosion Engineers, has recommendations for equipment in sour service. Generally, this requires stress relieving of

all vessels, 100% x-ray of all wells, and all of this was done for all the major equipment and piping valves. Anything in contact with sour fluids, be they gas or liquid, is designed and built according to industry accepted standards.

Q And I think you've already reviewed this, but isn't it the case that all of the, or is it the case that all of the systems incorporated in the sour gas system are conventional? There's nothing new or new technology in this case?

A Right. There is no new technology. It's conventional.

Q Does Exhibit 1 incorporate all of the field changes that might have been made in the plant, in the actual construction of the plant?

A Yes.

Q Could you describe in general the changes that were made to the safety system during this modification?

A The new facilities that were added process sour gas and condensate and typically in those types of processes you install H₂S detectors to monitor the ambient air for

leaks. The existing system was expanded to cover the areas in the modified facilities. Any process facility is designed with shutdowns and alarms to alarm the operators if there is a process, a upset, or a condition that they need to be aware of, and if there is a critical problem would shut down the system, and these were incorporated into the modified facilities, and these shutdowns and alarms were integrated into the existing plant alarm and shutdown system.

BILL RAMSEY

Appearing as a witness on behalf of Petitioner, Collet Ventures, Inc., testified as follows:

DIRECT EXAMINATION

Questions by Mr. Sledge:

Q Mr. Ramsey, you're the plant manager?

A Right.

Q How long have you been working in gas processing plants?

A Well, gas, oil, and what have you, about 39 years.

Q How long have you been plant manager for Collet?

A April will be four years.

Q Did you oversee the construction of the modifications to your plant?

A I did.

Q And were those modifications carried out according to the drawings that have been presented here as Exhibit No. 1?

A Yes, they were.

Q Let me review some of the precautions and safety precautions, that were taken during construction. Mr. Pasadyn has already referred to matters such as--well, for example, were all of the wells x-rayed?

A All the wells were x-rayed.

Q And were all of the wells heat stressed in the sour gas section?

A They were.

Q And were all of the facilities hydrostatically tested?

A They were.

Q We have handed up as Exhibit 2 a copy of the hydrostatic test results. Are these the results that, on the equipment tested after the plant modifications and during the process of modifying the plant?

A They are.

Q And is it your testimony then that the plant was modified according to the design presented here in Exhibit 1?

A Right.

Q And that the safety modifications described by Mr. Pasadyn were made?

A Right.

Q Did the plant come up and is it running smoothly after the modification?

A It came up good and running good.

Q Is your existing safety plan and the other paperwork that you're required to have on file with this Board under the hydrogen sulfide rules, are those current? Were there any changes made, or have any changes required by the modifications been made to your knowledge?

A They're current I believe with them.

MR. SLEDGE: Mr. Chairman, this is all we would have. We would ask that the exhibits be admitted and would offer the witnesses for any questions.

CHMN. ADAMS: The exhibit is admitted.

MR. SLEDGE: There's two exhibits. The exhibits.

CHMN. ADAMS: What you offered is admitted.

(Whereupon, the exhibits
were received in evidence)

MR. SLEDGE: Thank you, sir.

DR. MANCINI: Mr. Chairman, we have no questions.

MR. MCCORQUODALE: Mr. Chairman, I move that the request be
granted.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

DR. MANCINI: Item 23, petition or application for
rehearing pertaining to Order 88-243.

MR. ROGERS: Mr. Chairman, I'll briefly review the
background of this matter. After conducting hearings on certain
petitions filed by Strago Petroleum Corporation and J. W.
Ferrell, the Board issued Orders 88-243 and 88-244. Strago
thereafter filed an application for rehearing. At the time that
the application for rehearing was under consideration, AmSouth
Bank submitted letters to the Board stating among other things

that certain parties had not received notice of the hearings on the petitions by Strago and Ferrell. This petition or application for rehearing is set for today only insofar as the issue of notice is concerned. Let me do this, one--I'll just ask that the following items be entered into the record. I have a certified copy of the following items: The attendance sheet for the meeting on November 4, 1988, affidavits of notice submitted into the record on November 4, 1988, affidavits of notice submitted into the record on September 16, 1988, and I would request that certified copies of all those items be admitted into the record.

CHMN. ADAM: Admitted.

(Whereupon, the described documents were received in evidence)

MR. ROGERS: We also have a memorandum from me dated December 29, 1988, notifying all interested parties that this petition or application for rehearing would be heard today, and I would ask that memorandum be admitted into the record.

CHMN. ADAMS: It's admitted.

(Whereupon, the memorandum
was received in evidence)

MR. ROGERS: Further, I would ask that a letter and,
containing various documents attached to it received from David
Huggins be admitted into the record.

CHMN. ADAMS: Admitted.

(Whereupon, the described
letter was received in
evidence)

MR. ROGERS: Thank you.

MR. MCCORQUODALE: Mr. Watson, actually you filed the
petition for rehearing. Do you want to be heard on the notice
issue?

MR. WATSON: I did not raise the question of notice in my
petition.

MR. ROGERS: Is there anybody here that would like to be
heard on this application?

MR. ESPY: Mr. Chairman, for the record, my name is Ike

Espy. I have just been retained by James F. Hull, an interest owner in the land which was the subject of the three petitions by Strago and the three petitions by Ferrell. He has, by letter dated January 6, 1989, with an accompanying affidavit of the same date, stated to Marvin Rogers, counsel for this Board, that he did not receive the notice of the Ferrell petitions, and I would, at this point, just merely say I'm appearing for him and will participate on his behalf as needed and would like to ask as well that that affidavit and letter be admitted to the record.

MR. ROGERS: I have that affidavit.

CHMN. ADAMS: It's admitted.

(Whereupon, the affidavit
was received in evidence)

MR. MCCORQUODALE: Is that all, Mr. Espy---

MR. HUGGINS: I would like to raise an objection if I could.

MR. MCCORQUODALE: Let me ask Mr. Espy a question. Does your client wish to make any other presentation on this issue in addition to what's in his affidavit?

MR. ESPY: We have no other documents or witnesses to present. If appropriate, we would reserve the right to

cross-examine or to make argument. I think the letter sets out--I would, at some point, stress the fact that he did not then get or waive notice and does not now.

MR. MCCORQUODALE: All right. He did receive notice by certified mail of this hearing today, Mr. Espy? You are aware of that?

MR. ESPY: He had proper notice of this hearing today.

MR. MCCORQUODALE: All right.

MR. ROGERS: And Mr. Chairman, I'd recommend that the return receipt received from Mr. Hull be admitted into the record.

CHMN. ADAMS: The receipt is admitted.

(Whereupon, the described
receipt was received in
evidence)

MR. MCCORQUODALE: All right, so that's all from Mr. Hull on notice. Does anybody else wish to be heard on the notice issue?

MR. HUGGINS: I do. First off, I'd like to make an objection for the record to the introduction---

CHMN. ADAMS: Would you state your name for the record?

MR. HUGGINS: David Huggins, Turner, Onderdonk & Kimbrough. I'm here representing Mr. Ferrell, also Mr. Tufts.

CHMN. ADAMS: Where are you from?

MR. HUGGINS: I'm from Mobile, Alabama, an office in Mobile and in Chatom, and I would like to state an objection for the record to the introduction of the materials that have been submitted today based upon the fact that notice from the Board clearly indicates that they should appear, and I would like the opportunity to examine these witnesses. However, given the fact I'm not gonna be given that opportunity, I do have some documents that I'd like to introduce concerning Mr. Hull and concerning Mr. Newsome that I think bear on the notice issue, but I'm not gonna be given the opportunity to question these people with regard to their actual notice, which I think is indicated by these documents.

MR. MCCORQUODALE: If you've got some evidence that you want us to--you want to be admitted, you just have it marked and offer it and we'll consider it.

MR. HUGGINS: In regard to Mr. Hull, I have a letter of July 15, 1985, wherein Mr. Hull in the earlier Uriah was representing himself to be an agent of Strago Corporation. I

also have a certified copy of an assignment of Mr. Ferrell's lease which Mr. Hull bought as agent for Strago Corporation then assigned it to Strago Corporation. I also have a certified copy of an instrument dated July 1, 1988, while these hearings were going on where Mr. Hull was purchasing royalty from the bank that has now raised the question as to whether or not he was receiving notice of these hearings. He was continually purchasing royalty from the bank at the same time the hearings were going on, and he's the man who bought Mr. Ferrell's lease and assigned it to Strago in the first place.

MR. ESPY: For the record, I would like to object to those admissions on the basis that it doesn't prove anything with regarding notice and doesn't prove anything with regard to, at the time notice should have been given whether or not he was given. I think it's incumbent upon this petitioner--it's his burden to show that notice was given in spite of the fact that the record instruments on file in that county probate office showed Ferrell--showed Hull--as having an interest in the unit along with his addresses on probably 3 or 4,000 leases in that county.

MR. HUGGINS: The purpose of introducing those documents is because as I understand the question that's before this Board it is whether or not I exercised reasonable diligence in my attempt to notify these landowners, and I believe from this evidence and what I also intend to show that that will be found, and that's the question. I did exercise reasonable diligence in my attempt to notify landowners, and with regard to the appellate court decisions concerning notice, what is required of me is that I--notice that is required is one reasonably calculated under all the circumstances to apprise the intended party of the pendency of the action. The means employed must be such as one desirous of actually informing the absentee might reasonably adopt to accomplish it. Now, to understand where we are here, the fact of the matter is Mr. Hull states in his affidavit he didn't get notified by me. Well, the fact is he didn't get notified by anyone. The misunderstanding, if there's any here, is with regard to who Mr. Watson was representing and who Strago was representing in these proceedings before the Board. They were not notifying Mr. Newsome, and they brought the first petition before this Board to establish a unit. They were not

notifying Mr. Hull and they were not notifying Mr. Middleton, they were not notifying Mr. Lindsey, and several others, some of whom are my clients, but I never raised that issue because they were notifying me and there was communication between me and these parties. Now, Mr. Hull, Mr. Newsome, Mr. Middleton, none of these people are being notified. They're all royalty interest holders in the unit. What appeared to me when I had to pick up the ball and attempt to form this production unit after the first unit had been denied, and I think it was a reasonable assumption, was Mr. Hull has always served as an agent for this company. I have some additional material on Mr. Newsome. They were representing these people. They had an identity of interests. So I was serving my pleadings upon Mr. Watson, feeling that I had these people notified because that, and at that, at any point before that they were not receiving copies of any correspondence or anything from the Board. I believe that I made a reasonable assumption with regard to who Mr. Watson was representing and I took a means reasonably calculated to notify all interested parties of the proceedings before the Board by notifying him and by notifying everyone who represented the bank in this case. And with regard to Mr. Newsome, I have some

additional instruments because now that I have done a title search, I don't think Mr. Newsome owns anything today.

MR. ROGERS: For the record, is Mr. Newsome here today?

(No response)

MR. HUGGINS: In the second letter that I received from Mr. Wyatt, Mr. Wyatt raised another question with regard to Mr. Ferrell. It's not related to my client but has some sort of business association with Mr. Newsome, and he says that Mr.--he states that Mr. Ferrell has been--have you been picking up all this? O.K. He states that Mr. Ferrell has not been notified of these proceedings either and that he'd notified me of the fact that Mr. Ferrell held an outstanding interest. Well, after a research of the title in the courthouse in Monroe County, I still can't find an instrument whereby Mr. Ferrell owns any title, and what I did find though is that Mr. Newsome sold what I believe to be his only interest in the well to a company called Mid South Energy in December of 1988 after these Board hearings. Now I don't know who Mid South Energy is.

MR. MCCORQUODALE: Does anybody here dispute that? (No response)

MR. HUGGINS: Here is a certified copy of the document. I don't believe at the present time that Mr. Newsome owns anything in the well, but I wanted to cross-examine him on that fact. He sold part of his interest to Mr. Middleton. All that he had left when these hearings were going on is that interest which has been sold.

MR. ROGERS: Mr. Chairman, the Board's policy is to liberally accept documents submitted into the record, and I would recommend these items be accepted.

CHMN. ADAMS: The documents are accepted.

(Whereupon, the described documents were received in evidence)

MR. MCCORQUODALE: Let me ask a question first of Mr. Watson. Will you represent to us, one way or another, whether or not at the time of the hearing you represented the interest of James Hull?

MR. WATSON: I notice on my affidavit of notice that I noticed James Hull, Robert M. Newsome, the other man that was mentioned--uh--Middleton, David Middleton. I did not represent

Mr. Hull. I was given his name by my client to notice. His name appears above David Huggins, who I gave notice. I don't know what his status is with relationship to my client, but I noticed him.

MR. HUGGINS: I've got an affidavit on file from Mr. Middleton indicating he never got notice from either party, and I've already talked with Mr. Newsome. I wish he was here today, but he stated emphatically to me he never received notice from anybody.

MR. WATSON: Do you happen to know what Mr. Middleton's address is? I sent it to Box 160711, Mobile, Alabama 36616.

MR. ROGERS: Gentlemen, with respect to Mr. Middleton, we received an affidavit that I believe Mr. Huggins submitted, where Mr. Middleton flatly stated he does not claim inadequate notice, so I don't see any reason to be concerned with him.

MR. MCCORQUODALE: Let me ask you then, Mr. Espy, if I might, and I understand you have only recently been employed in this case---

MR. ESPY: That's correct.

MR. MCCORQUODALE: So that you may not have--may not be totally familiar with all of the background. The affidavit and

letter that has been submitted by Mr. Hull states that he did not receive notice of the petition from Ferrell. It does not state how, if at all, he might have, first of all, been damaged by that failure to receive notice, nor secondly, does it have anything other than his complaint about not receiving notice that says what position, if any, he would have taken with regard to that petition. It seems to me that's, that's a material point that we would need to have some knowledge about.

MR. ESPY: It's my understanding that there were two sets of petitions. He did in fact receive notice of the Strago petitions. I can represent to you his position that that was the only petitions he knew about, had conceded to the petition, the position, of Strago in that, did not know, and did not approve, and does not now approve of the request for orders made in the Ferrell petition. I would represent to you his position that he did not receive notice of those, not only from Ferrell but from anyone regarding the Ferrell petitions.

MR. MCCORQUODALE: Going a step further, with regard to the notice requirements of our rules, do you on behalf of Mr. Hull contend that in fact he is an individual that should have received notice pursuant to our rules?

MR. ESPY: Based on his affidavit which is of record, he had royalty deeds of record in that county which were recorded substantially before the pendency of this petition which I don't think has ever been denied that he did in fact have notice which was required to be--honor--he had an interest which required notice by these rules. I can state emphatically that my understanding of the law that he required notice.

MR. WATSON: Mr. McCorquodale, can I speak to that subject too? In normal proceedings before this Board in other cases, I might point out to you that what I'm hearing here is that maybe someone was buying leases for Strago and therefore should have known, et cetera, et cetera. You can go back in the record of previous hearings, contested and uncontested, will show that people who are employed by companies, and I'll use one for example here, say Phillip Reeves with Hughes Eastern, he gets notice of every item of Hughes Eastern because he has an ownership interest of record, and we're required to give notice to that person even though he's a witness.

MR. MCCORQUODALE: Let me ask, going a step further, assume that Mr. Hull did not receive notice, assume that Mr. Hull is an individual that should have received notice, and by asking this

question I'm not conceding either point, I'm simply asking that question, what would you, Mr. Espy, as his attorney, propose as a solution to that failure to receive adequate notice? That is, is the burden on Mr. Hull to come before this Board, subpoena witnesses, and now oppose that petition? Or are you suggesting to this Board that we say to Mr. Huggins, "You failed to notice one party, now you've got to start from scratch"? What's the remedy if in fact what Mr. Hull contends is correct?

MR. ESPY: I think it's a due process position where the granting of due process may not have changed any of the results. I can tell you I do not know any of the merits of the, of either of the petitions. At this point, I know of no remedy, and I don't claim to know all of the possible ones, but I know of no remedy other than that to say that if this Board's order as it came out of these petitions otherwise stands, it would stand as against everybody except Mr. Hull. Now whether that would require a further hearing which would draw him into it in an individual capacity or would require a rehearing of the entire matter, I simply am not prepared to say.

MR. MCCORQUODALE: Does anybody else, either Mr. Watson or Mr. Huggins, have any thoughts on that?

MR. WATSON: Yes.

MR. MCCORQUODALE: You may not have thought about it.

MR. WATSON: No, I've thought about that, Mr. McCorquodale.

MR. MCCORQUODALE: And there are several possibilities.

You know, perhaps, he didn't come today, which I know at the last minute Mr. Espy has been employed to represent him, but being real frank with you, Mr. Espy, it makes this Board wonder a little bit out loud if a guy is real, real upset about something we've done because he didn't get notice, he's not upset enough to come today. You may have an answer for that. I'm just curious about why he's not here.

MR. ESPY: His position on that from the direct conversations I had with him was that he felt it was incumbent upon him to be brought into the process in a regular way, and the fact that he was left out, he felt that the burden was not on him to unbreak the eggs, and that he wanted me here to make that position clear but that he feels, and I feel, that the burden is on the petitioner to show, as it is when I come before this Board, that I have made proper notice and that I and my clients suffer the consequences if I don't. I don't pretend to say that honoring his position necessarily negates everything

that's been done. I think it does require a treatment of his interest in some way.

MR. MCCORQUODALE: Anything further from either Mr. Huggins or Mr. Watson?

MR. HUGGINS: I'd like to hear Mr. Watson's suggestions.

MR. WATSON: You know, I just scribbled a note during all this. From my standpoint as Strago, this is much to do about nothing. I'm here to be heard on rehearing, and on rehearing if the Board would not bifurcate the issue of notice and rehearing, then possibly on rehearing the question of whatever position this gentlemen might take after being duly noticed, which now he has been, could be put forth. Of course if the Board decides not to hear this matter, then it is again much to do about nothing. My position is very clear as stated in the petition for rehearing in which I did not raise any notice question, simply that the Board doesn't have sufficient evidence in the record to support its order.

MR. HUGGINS: My only comment with regard to procedure that you should take at this point deals with, to begin with, a twofold question. You have to get past a determination that

definitely under the Oil and Gas Board rules there's been a violation of the notice requirements and comment on that briefly. As I understand the law again, it requires me to exercise reasonable diligence, and some additional proof which is in the Board record which you can refer to are the letters back and forth between the bank and the Board and Strago that are contained within the record, some of which I believe are attached to Mr. Wyatt's letter, where there's a discussion. If you remember in this case we had that escrow problem, the royalty escrow, and in order to continue the production of the test allowables, it was required that there be an agreement between, or there was a discussion of an agreement between Strago and all these royalty owners. You know, my question is how can that agreement be in place? How can there be an agreement with regard to the escrow of the royalties and these guys not know what's going on? And how can the bank who is being notified of all these proceedings and who I wrote a letter to, which is also in the record in an exhibit to my letter requesting any information regarding additional parties to be notified, they never indicated there was anybody else, and who's

in communication with Mr. Hull during all these proceedings, how can they, how can those facts lead to a determination that this man really has no notice or that I didn't make a reasonable effort to notify him? And I believe if the Board finds that I've made, I've exercised reasonable diligence under the facts and under the circumstances and with the parties as they were and what was going on in these proceedings, then that's all that's required under the Board's ruling with what's required with regard to notice because with regard to anyone who I did not notify after exercising reasonable diligence, notice by publication is effective under the rules. That's why I did the publication notice, to pick up that possibility. I regret the fact that these people didn't get notice, and yet I stand here today convinced they knew all the time exactly what was going on and this is an attempt to reopen the record again. I've already discussed Mr. Hull in a good amount of detail, but even Mr. Newsome's letter indicates that if he had--that without an effort on his part he probably never would have been informed of our petitions. I mean that's just indicative of the fact that he was informed and he came to the hearing and he sat back there and never said anything, but he was here. And I believe Mr.

Ferrell was here also, some business associate of his that might have an interest in Mid South. So it may be that you may find under the facts and what's before the Board and in the record that I have exercised diligence and therefore publication would be effective as against Mr. Hull. And there is actual notice to Mr. Newsome by his appearance. Then if the Board is unable to find that fact, I think that Mr. Hull, who owns such a insignificant royalty interest in this case, should explore reopening proceedings to allow him to provide any evidence he may wish. He--he was relying on Strago to represent his interest all along, and I don't think that there's gonna be anymore testimony come out even if he's given the opportunity to present any because his interest in the area is just so minuscule.

MR. MCCORQUODALE: Mr. Chairman, I move we take a short recess.

CHMN. ADAMS: We'll take a short recess.

(The hearing was recessed five minutes)

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

MR. MCCORQUODALE: Mr. Chairman, I move we take this matter under advisement.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. MCCORQUODALE: That would include all of it.

MR. WATSON: The rehearing petition also?

MR. MCCORQUODALE: Right, yes.

DR. MANCINI: Item 25, motion by the Board to plug the E. J. Martin 30-6 Well, Blount County. Mr. Rogers.

MR. ROGERS: Is there anybody here on behalf of the operator to address this matter?

FROM AUDIENCE: Yes.

MR. ROGERS: Yes, sir. Would you state your name and address and your position concerning this well?

FROM AUDIENCE: My name is Manley Denton. I live at Fairway, Kansas. My office is 6800 College Blvd., Suite 105, Overland Park, Kansas. I'm general partner in Blount County Gas and I'm here today to discuss this well.

MR. MCCORQUODALE: Why don't you tell us what your plans are?

MR. DENTON: O.K., sir. We'll bring you up to date. A year ago we were working on a four-well drilling program with some investors, and at the same time we were negotiating with the Cullman-Jefferson Gas District to lay a line to our property. At that time, things just went south on us and we were unable to move forward. My plans are to reinstate a four-well drilling program to get the production up to where it will make it feasible for the Cullman-Jefferson people to come in and lay the line, and my plans are to identify someone in this area today that will go back and swab, swab my well, clean it up, and let me retest it, and to do that I'd like, I'd like six months to get that done, sir.

MR. MCCORQUODALE: Mr. Supervisor, what do you think about that time frame?

DR. MANCINI: I'm curious when the last time anything has been done on the well. We notice that the Permit No. is 3070, which indicates it's been some time.

MR. DENTON: Sir, it's been some time since it was---

DR. MANCINI: Do you have any idea how---

MR. DENTON: I would say about three years ago. I would say that's about--to my recollection.

DR. MANCINI: Yeah, our files indicate, I believe the last test information on the well was 1982.

MR. DENTON: O.K. Well, that's, that is correct.

DR. MANCINI: I don't know, six years?

MR. DENTON: Well, sir, it's--we had the program, we had a 20-well program sold in 1983 to a gentlemen and we sold it to him. He made two payments to us and CSX--we had 2500 acres under lease up there. CSX came back to us and said, "Well, your leases were not any good." So we got involved in a lawsuit and that drug out through 1986, and your information is exactly correct on the testing.

DR. MANCINI: Your plans would be to retest the well?

MR. DENTON: Yes, sir.

DR. MANCINI: Could that be accomplished within 60 days?

MR. DENTON: It just depends on, you know, since I'm not here, I would say so. I would like a little more time since I'm not here.

DR. MANCINI: Ninety days?

MR. DENTON: Yes, sir.

DR. MANCINI: All right.

MR. MCCORQUODALE: Mr. Chairman, why don't we set this matter up for review? Just continue it and review it in 90 days, not necessarily to say we're gonna either plug it or you've got to do something in 90 days, but to take another look at where you are.

MR. DENTON: Well, I'll give you plan within that time, Mr.---

MR. MCCORQUODALE: And right, one you would make some progress on.

MR. ROGERS: Mr. Chairman, I would recommend that the correspondence on this item be admitted into the record.

(Whereupon, the
correspondence was
received in evidence)

MR. MCCORQUODALE: And I move we continue it for 90 days.

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

(Both Board members voted "aye")

CHMN. ADAMS: The "ayes" have it.

MR. DENTON: Thank you, gentlemen.

MR. MCCORQUODALE: Thank you.

DR. MANCINI: Item 26, motion of the Board to plug certain wells in Winston and Walker Counties. Is there someone here today to address this motion by the Board.

FROM AUDIENCE: Yes, sir.

MR. ROGERS: Would you identify yourself and state your address?

FROM AUDIENCE: My name is Doug Key. I live here in Northport. I'm an employee of Bam Energy. I have in front of me a letter that was faxed to Mr. Frank Hinkle, I believe that maybe you gentlemen have a copy, of the proposal by Bam Energy on the suggested wells, and they asked me to appear here and to initiate whatever the Board decides.

MR. ROGERS: I'd request that the letter by which we notified Bam of this hearing be admitted into the record, and a copy of the letter that I assume Mr. Key is referring to be admitted.

CHMN. ADAMS: Your request is granted.

(Whereupon, the described
letters were received in
evidence)

MR. MCCORQUODALE: Can somebody summarize what it is that they're asking us to do or what their plans are?

MR. KEY: Well, I'll be glad to, sir, unless Mr. Rogers wants to.

MR. ROGERS: Well, I'd prefer you go ahead and do it.

MR. KEY: Well, it's my understanding with, from the letter and with talking with the company, that (1) we will test the shut-in gas wells and the Nauvoo Field; (2) the company will contact the mineral holders, owners, and offer them the opportunity to assume the wells in lieu of plugging. This is going to be done I think because there may be some lease problems on "shut-in wells" in the Nauvoo Field. (3) We will commence plugging operations by February 10 of this year on the two nonproductive wells, the one in Jasper, which is AmSouth 28-11, and the one in Haleyville, which is the Batchelor 32-14. And finally, subject to the response of the mineral holders, we will commence plugging operations no later than February 20, '89 on all wells that do not qualify as shut-in gas wells, either owned by Bam or released by the mineral holders. I've been instructed if the Board does approve this to begin immediately

the test and also provisions to plug. The plugging operation will be a turnkey job. Quite frankly, I'm the only representative of Bam in the State of Alabama, so it will be a total contract. I believe Bam requested 60 days.

MR. MCCORQUODALE: I move we continue it 60 days, Mr. Chairman.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

MR. KEY: Thank you, gentlemen, appreciate it.

DR. MANCINI: Item 29 is a motion by the Board to plug the Goodson 9-7 Well in Bibb County. Anyone here today to address this motion by the Board? (No response)

MR. ROGERS: Mr. Chairman, the record will reflect that no one appeared. Our recommendation would be to order the well to be plugged or tested within 30 days from this date, and in the event the well is not plugged or tested that the staff obtain the proceeds from the bond and proceed to plug the well.

DR. MANCINI: Mr. Chairman, I might add before you act on that motion that this particular item was heard at the November 4

meeting of the Board and we provided the operator an opportunity--he requested 60 days to take care of what he needed to do on this particular well--and it was set for hearing today for him to give us a report back on his progress and in light of, in light of his failure to appear, I assume that the progress has not been made.

MR. MCCORQUODALE: Mr. Chairman, I would incorporate into a motion the request and proposal made by Mr. Rogers as attorney for the Board.

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

(Both Board members voted "aye")

CHMN. ADAMS: "Ayes" have it.

DR. MANCINI: Next would be the petitions by Black Warrior Methane Corporation, Docket Nos. 1-19-8921 and 1-19-8922.

MR. WATSON: Mr. Chairman, I have one witness and I'd like to have him sworn, please.

MR. ROGERS: Would you state your name and address?

WITNESS: Steve Blackburn, Birmingham, Alabama.

(Witness was sworn by Mr. Rogers)

MR. WATSON: For hearing purposes, Mr. Chairman, I'd like to

consolidate items--I mean Docket Nos. 1-19-8921 and 1-19-8922.

CHMN. ADAMS: Is there any objection from anybody? (No response) Hearing none, your request is granted.

MR. WATSON: These items were specially noticed and I would ask that you receive into the record of this hearing the proof of publication for the two items just mentioned as well as the prefiled affidavits of notice.

MR. ROGERS: I have those items, Mr. Chairman. I recommend they be admitted.

CHMN. ADAMS: They're admitted.

(Whereupon, the described documents were received in evidence)

MR. WATSON: Mr. Blackburn, you've appeared before this Board and have had your qualifications as an engineer accepted and have on file with this Board an affidavit of those qualifications, is that correct?

MR. BLACKBURN: That is correct.

MR. WATSON: I tender him as an expert engineer, Mr. Chairman.

CHMN. ADAMS: He's recognized as an expert.

MR. WATSON: In these two consolidated items, we want to discuss with you horizontal boreholes, the permitting of horizontal boreholes, and an exception to Rule 4A of the Special Field Rules for the Oak Grove Coal Degasification Field. At the outset, let me say that this program of horizontal and gob well development in the Oak Grove Coal Degasification Field has evolved to a point where they're very significant in our overall coal mine degasification. Your rules require us to drill wells in areas either on 10 to 80 acres. Where we have common mineral ownership, we can space wells as we see fit. Where we have diverse mineral ownership, we must stick to governmental quarter-quarter sections. The case that we will present here is asking for an exception to Rule 4A because we have diverse mineral ownership in an area where records had indicated we had common mineral ownership, and we'll explain that as we go through these exhibits.

STEVE BLACKBURN

Appearing as a witness on behalf of Petitioner, Black Warrior Methane Corporation, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Watson:

Q Mr. Blackburn, if you would, please, let's take the booklet of exhibits for Docket No. 8921, turn in that booklet if you would, please, to the first exhibit, which is a plat of our Horizontal Degas Unit 22C. Tell us what's shown there, please, sir.

A O.K. We're showing a 20-acre unit in the northeast corner of the southeast corner of Section 10, Township 19 South, Range 6 West.

Q All right, sir. And in your Exhibit 2, is this a mineral ownership plat?

A That is a mineral ownership. It shows that USX Corporation owns in the northeast corner of the southeast corner of Section 10. They own approximately 30 acres on the east side of that, the particular quarter-quarter section, and Owen/Stewart owns approximately 10 acres on the west side of that quarter-quarter section.

Q All right, sir.

A And also the--Owen/Stewart owns the entire quarter-quarter section in the northwest corner of the southeast corner.

Q All right, sir, and let's just flip over to Exhibit No. 3 and tell the Board what this exhibit is.

A This is a portion of Jim Walter Resources' five-year mine plan. It shows some of the development section and also the long wall sections in that area. The long wall sections being shown by LWI FY 91, that being the fiscal year for Jim Walter, or the Jim Walter's physical years and the mining plan.

Q All right, sir.

A It also shows where potential gob wells might fall on those--in those long wall sections.

Q All right, and looking back at Exhibit 2 where--I'm sorry--at Exhibit 1 where we show Unit 22C, Horizontal Degas Unit 22C, that unit is, is situated to coincide with that mining plan as shown on Exhibit 3?

A It is.

Q All right, sir. Now, you submitted permit applications for this Unit 22C. Was that application submitted with the ownership information that's shown on Exhibit 2?

A No, it was not shown with the exhibit on ownership--on this

Exhibit 2. It was submitted based on an inaccurate ownership map. It was--we have ownership or control of all this area, and we had all those holes plugged. We had everything covered in there under lease. However, the diversity of it was shown inaccurately on the ownership map.

Q As best you can tell, there was, evidently, a drafting error in preparing the ownership map itself, but there was no confusion in the records on our ownership because you say you had ownership and control of it. That is, you had leases covering it, correct?

A That's correct. That was our primary concern on this. This is a newly developed area for us in the coal degasification and our primary concern was getting leases on all the area and then permitting the well, and of course, it--no lesser concern to get the royalty owners straight on it also. However, we did have an incorrect map that resulted in a irregular unit or a nonquarter-quarter section drilling unit being permitted.

Q All right. And that requires approval of this Board. You cannot do that administratively as you proposed in your first permit application, correct?

A That's correct.

Q All right, sir. Let's look at Docket No. 8922, which is --the subject of that is Horizontal Degasification Borehole Unit 22F. The first exhibit in that booklet is a map of Unit 22F, is that correct?

A That is correct. That is a--that is a irregular 40-acre unit.

Q And the basis for that irregular 40-acre unit is shown on that Exhibit 3, the mine plan for the underground mine, is that correct?

A Yes, sir, that is correct. And to efficiently degasify a long wall panel after it has been drilled in order for--this is for safety's sake and also it provides optimum gas production--is to drill the gob wells in the center of the long wall panel. And as--if you'll look on this mining plan, you can see that if we had based these units, these horizontal units, on quarter-quarter sections, then we would have been before the Board at some later time. If we drilled these potential gob wells on here, we would be before the Board at some later time asking for permission

for exceptions to the rules for spacing requirements. We, as can be seen here, one well in this LWI FY 90 falls right square on the quarter-quarter section line, and this is the reason that we configured the units as we did.

Q All right, sir. Now these two units are abutting each other? In other words, Unit 22F is just immediately to--I mean immediately west of and adjacent to Gas Unit 22C, is that correct?

A That is correct.

Q Have wells been drilled on either of these units?

A O.K. There've been no gob wells drilled on either of these units. However, on Unit 22C, the one furthest to--the 20-acre unit furthest to the east--we have had--Jim Walter Resources has had horizontal boreholes drilled in that since August of 1988, and at that time, as soon as they got the boreholes connected to that underground gathering system, that gas, they started venting that gas.

Q So that didn't fall under the authority of this Board? That was part of the mine safety program in ventilating the gas?

A That is exclusively part of the mine safety program in

ventilating the gas. At that time, we did not, some of the interests in the area we did not have the degasification rights, and in addition, we did not have our pipeline system in place.

Q All right. So there's been no production without a permit in this area, correct?

A That's correct. We permitted the well just as soon as we got the interest assigned to us in this area and got our pipeline in place, which was in October of 1988, and we immediately--after we had it permitted, we immediately started selling the gas that had previously been vented from that area, the 22C area.

Q All right, sir. What about 22F? Anything drilled on 22F?

A No, as of this, at this time there is no boreholes at all in 22F.

Q Does Black Warrior Methane have any latitude about how these units might be configured so as to not have to ask for an exception to this Rule 4A?

A Well, we're required--the gob well unit, the vertical well unit, and the horizontal borehole units have got to coincide

with each other. We can't have a unit that overlaps with each other. They've got to cover the same, the same boundaries. We---

Q Isn't it also true that they have to coincide with the mining plan?

A They definitely have got to coincide with the mining plan.

Q So is the answer to my question that you have no alternative but to ask for an exception to rules?

A We either would have to ask for an exception to the rule for the--to be allowed to have irregular units based--on a diverse ownership situation, or the potential to come before the Board at a later time when these gob wells are drilled to ask for, to petition the Board to let us drill gob wells on the borders between the quarter-quarter sections or within the 150-foot setback limits.

Q An exceptional location?

A Exceptional location.

Q So one way or the other, we've got to ask for an exception from the Board?

A That's correct.

Q All right, sir. Mr. Chairman, I'd ask that you receive into evidence Exhibits 1 through 3 in Docket No. 1-19-8921, and Exhibits 1 through 3 to Docket No. 1-19-8922.

CHMN. ADAMS: Your request is granted. They're admitted.

(Whereupon, the exhibits
were received in evidence)

Q So is it your testimony, Mr. Blackburn, that in granting these petitions waste will be prevented and coequal and correlative rights protected?

A Yes, sir, it is.

MR. WATSON: That's all I have. I tender my witness to the Board and staff for any questions you have.

DR. MANCINI: Mr. Chairman, we'd recommend the petition be granted.

MR. MCCORQUODALE: So move.

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

(Both Board members voted "aye")

CHMN. ADAMS: The "ayes" have it.

MR. WATSON: Thank you.

MR. MCCORQUODALE: I move we adjourn.

CHMN. ADAMS: We are adjourned.

(Whereupon at 11:30 a.m. the hearing was adjourned)

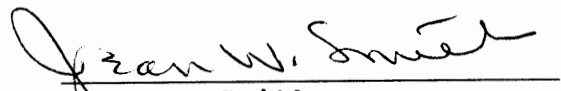
REPORTER'S CERTIFICATE

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, January 20, 1989, 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 100 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 our counsel to the parties to said cause, nor in any manner interested in the results thereof.



Jean W. Smith
Hearings Reporter
State of Alabama