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MR

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STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

Hearing Officer Meeting

March 2, 1989

Testimony and proceedings before a Hearing Officer in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, pursuant to adjournment, on this the 2nd day of March, 1989.

BEFORE:

Mr. Marvin Rogers.....Hearing Officer

BOARD STAFF

Dr. Ernest A. Mancini.....Secretary & Supervisor

Mr. Gary Wilson.....Assistant Supervisor

Mr. Dave Bolin.....Assistant Supervisor

Mr. Doug Hall.....Geologist

Mr. Frank Hinkle.....Geologist

Mr. Richard Hamilton.....Petroleum Engineer

(Reported by Jean W. Smith)

APPEARANCES

<u>NAME</u>	<u>REPRESENTING</u>
1. Philip M. Reeves P.O. Drawer 119 Jackson, MS 39205	CHM Exploration Co., Inc.
2. Jerry G. Mattiza 2401 Fountainview Drive Suite 700 Houston, TX 77057	Convest Production Co.
3. Trenton Richards Suite 1200 400 North Belt East Houston, TX 77060	Meridian Oil
4. Steve Harrison Tuscaloosa, AL	Meridian, Pruet, M. Currie
5. Steve McGowin Birmingham, AL	Southern Natural Gas
6. Tom Watson Tuscaloosa, AL	Hughes, Taurus, Convest
7. Jim Sledge Tuscaloosa, AL	Morrow, TXO
8. Marlon Cook Tuscaloosa, AL	James Graham Brown Foundation (PELA)
9. Mark Scogin Tuscaloosa, AL	Browning & Welch
10. Jim Stephens 200 S. Lamar Jackson, MS	Hughes Eastern
11. Dick B. Mason III 200 S. Lamar Jackson, MS	Hughes Eastern
12. Andy Sylte Jackson, MS	Hughes Eastern

APPEARANCES
(Contd)

<u>NAME</u>	<u>REPRESENTING</u>
13. Bill Lucas Jackson, MS	BLM
14. Bob Roark Birmingham, AL	Taurus

PROCEEDINGS

(The hearing was convened at 10 a.m. on Thursday,
March 2, 1989, at Tuscaloosa, Alabama)

MR. ROGERS: This hearing is in session. Dr. Mancini, has proper notice of this hearing been provided?

DR. MANCINI: Proper notice of today's meeting has been provided, and 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, March 2 and 3, 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. 11-4-8821

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.

2. DOCKET NO. 12-15-889

Continued 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.

3. DOCKET NO. 12-15-8810

Continued 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.

4. DOCKET NO. 12-15-8820

Continued 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.

5. DOCKET NO. 1-19-8910A

Continued 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 Buncomb Creek 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.

6. DOCKET NO. 1-19-896

Continued 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.

7. DOCKET NO. 1-19-897

Continued 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.

8. DOCKET NO. 2-2-891

Continued petition by BROWNING & WELCH, INC., a foreign corporation authorized to do and doing business in Alabama, requesting the State Oil and Gas Board of Alabama to enter an order force pooling and integrating all lands and interests in a 320-acre drilling unit consisting of the East Half of Section 11, Township 14 South, Range 12 West, Fayette County, Alabama, pursuant to Ala. Code § 9-17-13 (1975) and Rule 400-1-13 of the State Oil and Gas Board of Alabama Administrative Code.

9. DOCKET NO. 3-2-891

Petition by V. MONTA CURRIE, JR., an independent operator doing business in the State of Alabama, requesting the

State Oil and Gas Board to enter an order force pooling all tracts and interests in a 160-acre wildcat drilling unit consisting of the South Half of the Northwest Quarter and the North Half of the Southwest Quarter of Section 26, Township 7 South, Range 3 East, Baldwin County, Alabama, pursuant to § 9-17-13, Code of Alabama (1975), and Rule 400-1-13-.01 of the Administrative Code of this Board. Said proposed unit is located adjacent to the West Foley Field.

This petition is a companion to the petition bearing Docket No. 12-15-8820, which requests Board approval of the above described unit.

10. DOCKET NO. 3-2-892

Petition by TXO PRODUCTION CORP., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order force pooling all tracts and interests in the North Half of Section 22, Township 14 South, Range 15 West, Lamar County, Alabama, all pursuant to § 9-17-13, Code of Alabama, (1975) and Rule 400-1-13 of the State Oil and Gas Board of Alabama Administrative Code.

11. DOCKET NO. 3-2-893

Petition by MORROW OIL AND GAS 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 force pooling all tracts and interests in the West Half of Section 8, Township 13 South, Range 14 West, Lamar County, Alabama, all pursuant to § 9-17-13, Code of Alabama, (1975) and Rule 400-1-13 of the State Oil and Gas Board of Alabama Administrative Code.

12. DOCKET NO. 3-2-894

Petition by FIRST ENERGY CORPORATION, a foreign corporation, authorized to do and doing business in the State of Alabama, seeking an order of the State Oil and Gas Board amending Rule 1 (Field Limits) of the Special Field Rules for the Big Escambia Creek Field, Escambia County, Alabama, so as to add to the now existing limits of said field all of Section 36, Township 2 North, Range 7 East in Escambia County, Alabama, as a productive extension of the said Big Escambia Creek Field.

13. DOCKET NO. 3-2-895

Petition by THE RIVER GAS CORPORATION, an Alabama Corporation, requesting that Rule 2 of the Special Field Rules for the Blue Creek Coal Degasification Field, Tuscaloosa County, Alabama, be amended so as to add the

following:

Sections 26, 27, 28, 29, 30, 31, 32,
33, 34, and 35, Township 18 South,
Range 9 West;

W/2, NE/4, N/2 of SE/4, SW/4 of SE/4 of
Section 18, Township 19 South, Range 8
West;

W/2 of W/2 of Section 1;
Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11;
W/2 of W/2 of Section 12; and
Sections 13, 14, 15, 16, 17 and 18, Township
19 South,, Range 9 West, all located in
Tuscaloosa County, Alabama.

14. DOCKET NO. 3-2-896

Petition by THE RIVER GAS CORPORATION, an Alabama
Corporation, requesting that Rule 2 of the Special Field
Rules for the Deerlick Creek Coal Degasification Field,
Tuscaloosa County, Alabama, be amended so as to add the
following:

W/2 of W/2, SE/4 of SW/4, NE/4 of NW/4 of Section 19,
Township 19 South, Range 8 West;

Sections 19, 20, 21, 22, 23, 24, 26, 27, 28, 29, 30, 31, 32, 33 and 34, Township 19 South, Range 9 West, all in Tuscaloosa County, Alabama.

15. DOCKET NO. 3-2-897

Petition by TAURUS EXPLORATION, INC., an Alabama Corporation, to amend Rule 1 of the Special Field Rules for the Watts Creek Field, Marion County, Alabama, by adding the South Half of Section 22, Township 10 South, Range 15 West, Marion County, Alabama, which is the unit for the Bobo 22-14 No. 1 Well, Permit No. 5785.

16. DOCKET NO. 3-2-898

Petition by PRUET PRODUCTION CO., a foreign corporation authorized to do and doing business in the State of Alabama, to force pool all tracts and interests in a 40-acre wildcat drilling unit consisting of the Northwest Quarter of the Southwest Quarter, Section 21, Township 1 North, Range 9 East, Escambia County, Alabama, pursuant to Section 9-17-13, Code of Alabama (1975), and Rule 400-1-13-.01 of the Administrative Code of this Board.

17. DOCKET NO. 3-2-899

Petition by V. MONTA CURRIE, JR., an independent operator doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order force pooling all

tracts and interests in a 160-acre wildcat drilling unit consisting of the following described acreage:

Beginning at the Northwest corner of Grant Section 31, Township 7 South, Range 3 East, Baldwin County, Alabama; run thence Easterly along the North line of said Section 31 for 2640 feet, more or less, thence South for 2640 feet, more or less, thence West for 2640 feet, more or less, to the West line of said Section 31; thence Northerly along the West line of said Section 31 for 2640 feet, more or less, to the point of beginning.

The above-described tract is situated in Grant Section 31, Township 7 South, Range 3 East, Baldwin County, Alabama and contains 160 acres, more or less.

Said unit is to be force pooled pursuant to Section 9-17-13, Code of Alabama (1975), and Rule 400-1-13-.01 of the Administrative Code of this Board.

18. DOCKET NO. 3-2-8910

Petition by CONVEST ENERGY 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 establishing Special Field Rules for a new

oil field located in Escambia County, Alabama. Petitioner proposes that the new oil field be named the "Osaka Field", or such other name as the Board may deem appropriate. The proposed field limits for the new oil field consist of the following described parcels:

Northeast Quarter of Section 11; North Half and the Northeast Quarter of the Southeast Quarter of Section 12, all in Township 1 North, Range 8 East, Escambia County, Alabama, underlain by the Pilot Sand Oil Pool, and all productive extensions thereof.

The Pilot Sand Oil Pool is defined as those strata productive of hydrocarbons in the interval between 6059 feet and 6156 feet on the Dual Induction Log for the Tocumen Road Lumber Co. 12-6 No. 1 Well, Permit No. 6134, located 1980 feet from the North line and 1710 feet from the West line of Section 12, Township 1 North, Range 8 East, Escambia County, Alabama, including those strata of hydrocarbons which can be correlated therewith. Petitioner is requesting 40-acre spacing consisting of governmental quarter-quarter sections and the establishment of allowables. Finally, Petitioner is requesting that the aforementioned Tocumen Road Lumber Co. 12-6 No. 1 Well, located on a 40-acre drilling unit consisting of the

Southeast Quarter of the Northwest Quarter of Section 12, Township 1 North, Range 8 East, Escambia County, Alabama, be confirmed as a field well in the proposed Osaka Field, and that the drilling and production unit for said well remain as permitted.

This petition is filed as a companion to the petition amending the Special Field Rules for the Pollard Field, Escambia County, Alabama. Both petitions relate to the same matter, the proposed Osaka Field.

19. DOCKET NO. 3-2-8911

Petition by ARCO OIL AND GAS COMPANY, a division of Atlantic Richfield Company, a foreign corporation qualified to do and doing business in the State of Alabama seeking an order of the State Oil and Gas Board of Alabama pursuant to Section 9-17-13, Code of Alabama, (1975), force integrating all lands and interests in a drilling unit comprised of Section 25, Township 2 South, Range 4 West, Mobile County, Alabama, into and establishing all such lands and interests as a drilling unit; requiring all of the other mineral interests within said drilling unit to integrate their interests and to develop their land as a drilling unit; designating and approving Petitioner as the operator of the well (including replacement wells) to be drilled within

said drilling unit and for such other and further relief as the Board may deem appropriate in the circumstances.

20. DOCKET NO. 3-2-8913

Petition by CONVEST ENERGY 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 Pollard Field, Escambia County, Alabama, by deleting the following described parcels:

Northeast Quarter of Section 11;

North Half and the Northeast Quarter of the Southeast Quarter of Section 12, all in Township 1 North, Range 8 East, Escambia County, Alabama.

This Petition is filed as a companion to the petition establishing a new oil field located in Escambia County, Alabama. Both petitions relate to the same matter, the proposed Osaka Field.

21. 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.

22. 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, COUNTY</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.

23. 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.

24. DOCKET NO. 1-28-8829

Continued Motion by the Board requesting the operator and interest owners of the wells named hereinbelow, to show cause why these wells should not be ordered by the Board to be immediately plugged. The Supervisor has declared these wells abandoned pursuant to Rule 400-1-1-.03 of the State Oil and Gas Board of Alabama Administrative Code. Rule 400-1-3-.06 of the State Oil and Gas Board of Alabama Administrative Code requires that all wells be plugged within thirty (30) days of completion or abandonment, unless special provisions for the future utility of these wells have been approved by the Supervisor. If the Board orders a well to be plugged and the operator fails to plug the well properly, then the Board will contact the surety of the well bond to 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 reasonable bond, conditioned upon the performance of duties, one of which is the duty to plug each dry or abandoned well.

<u>Well Name</u>	<u>Permit No.</u>	<u>Operator</u>	<u>Location</u>	<u>Field</u>
Sammons	4161-C	Miller	S24,T21S,R9W	Peterson
24-2-1		Petroleum, Inc.	Tusc. Co.	Coal Degas.

Thomas	4415-C	Miller	S18,T21S,R8W	Peterson
18-11		Petroleum,	Tusc. Co.	Coal Degas.
		Inc.		
Thomas	4417-C	Miller	S18,T21S,R8W	Peterson
18-12		Petroleum,	Tusc. Co.	Coal Degas.
		Inc.		
Thomas	4420-C	Miller	S18,T21S,R8W	Peterson
18-13		Petroleum,	Tusc. Co.	Coal Degas.
		Inc.		
Thomas	4376-C	Miller	S13,T21S,R9W	Peterson
13-16		Petroleum,	Tusc. Co.	Coal Degas.
		Inc.		
Fitts	4441-C	Miller	S24,T21S,R9W	Peterson
24-1		Petroleum	Tusc. Co.	Coal Degas.
		Inc.		
Reynolds	4421-C	Miller	S24,T21S,R9W	Peterson
24-7		Petroleum,	Tusca. Co.	Coal Degas.
		Inc.		

25. 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.

26. 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 Disposal System 1 No. 4 (Crosby No. 7)	409	S13,T1N,R8E	Pollard
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.

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

27. 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 Tuscaloosa 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.

28. 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.

29. 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.

30. 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.

31. 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.

32. 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.

33. 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.

34. 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.

35. 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.

36. 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.

37. 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.

38. 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.

39. 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.

40. DOCKET NO. 12-15-8810PD

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.

41. DOCKET NO. 12-15-8814PD

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 11-13-33 well (Permit No. 5991-CG) in Section 11, Township 20S, Range 8W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

42. DOCKET NO. 12-15-8815PD

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 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.

43. 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.

44. DOCKET NO. 12-15-8818PD

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 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.

45. 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.

46. 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.

47. 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.

48. DOCKET NO. 1-19-893PD

Continued 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.

49. DOCKET NO. 1-19-894PD

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 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.

50. DOCKET NO. 1-19-895PD

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 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.

51. DOCKET NO. 1-19-896PD

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 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.

52. DOCKET NO. 1-19-897PD

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

53. DOCKET NO. 1-19-898PD

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

54. DOCKET NO. 1-19-899PD

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

55. DOCKET NO. 1-19-8910PD

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

56. DOCKET NO. 3-2-891PD

Application by V. Monta Currie, Jr. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the Brantley et al Unit 32-13 #1 well (Permit No. 5266) in Section 32, Township 8S, Range 4E, Baldwin County, Alabama in the East Swifts Landing Field, Amos Gas Sand.

57. DOCKET NO. 3-2-892PD

Application by V. Monta Currie, Jr. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the Meyer Foundation 31-15 #1 well (Permit No. 5751) in Section 31, Township 8S, Range 4E, Baldwin County, Alabama in the Swifts Landing Field, Amos "E" Gas

Sand.

58. DOCKET NO. 3-2-893PD

Application by V. Monta Currie, Jr. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the Clyde S. Lipscomb 17-11 #1 well (Permit No. 3768) in Section 17, Township 8S, Range 3E, Baldwin County, Alabama in the Cypress Point, Amos "B" Gas Sand.

59. DOCKET NO. 3-2-894PD

Application by The River Gas Corporation for a new natural gas determination under Section 107(c)(3) (High Cost Natural Gas) of the NGPA for the Friedman 36-3-1 well (Permit No. 5284C) in Section 36, Township 19S, Range 9W, Tuscaloosa County, Alabama in the Deerlick Creek Coal Degasification Field, Pottsville Coal Interval.

60. DOCKET NO. 3-2-895PD

Application by The River Gas Corporation for a new natural gas determination under Section 107(c)(3) (High Cost Natural Gas) of the NGPA for the First Alabama Bank 25-14-1 well (Permit No. 5397C) in Section 25, Township 19S, Range 9W, Tuscaloosa County, Alabama in the Deerlick Creek Coal

Degasification Field, Pottsville Coal Interval.

61. DOCKET NO. 3-2-896PD

Application by The River Gas Corporation for a new natural gas determination under Section 107(c)(3) (High Cost Natural Gas) of the NGPA for the Alabama Basic 36-4-1 well (Permit No. 5398C) in Section 36, Township 19S, Range 9W, Tuscaloosa County, Alabama in the Deerlick Creek Coal Degasification Field, Pottsville Coal Interval.

62. DOCKET NO. 3-2-897PD

Application by The River Gas Corporation for a new natural gas determination under Section 107(c)(3) (High Cost Natural Gas) of the NGPA for the Alabama Basic 36-2-2 well (Permit No. 5399C) in Section 36, Township 19S, Range 9W, Tuscaloosa County, Alabama in the Deerlick Creek Coal Degasification Field, Pottsville Coal Interval.

63. DOCKET NO. 3-2-898PD

Application by The River Gas Corporation for a new natural gas determination under Section 107(c)(3) (High Cost Natural Gas) of the NGPA for the First Alabama Bank 25-11-2 well (Permit No. 5404C) in Section 25, Township 19S, Range 9W, Tuscaloosa

County, Alabama in the Deerlick Creek Coal
Degasification Field, Pottsville Coal Interval.

64. DOCKET NO. 3-2-899PD

Application by The River Gas Corporation for a new
natural gas determination under Section 107(c)(3)
(High Cost Natural Gas) of the NGPA for the Friedman
36-8-2 well (Permit No. 5417C) in Section 36,
Township 19S, Range 9W, Tuscaloosa County, Alabama
in the Deerlick Creek Coal Degasification Field,
Pottsville Coal Interval.

65. DOCKET NO. 3-2-8910PD

Application by The River Gas Corporation for a new
natural gas determination under Section 107(c)(3)
(High Cost Natural Gas) of the NGPA for the Alabama
Basic 36-9-3 well (Permit No. 5433C) in Section 36,
Township 19S, Range 9W, Tuscaloosa County, Alabama
in the Deerlick Creek Coal Degasification Field,
Pottsville Coal Interval.

66. DOCKET NO. 3-2-8911PD

Application by First Energy Corporation for a new
natural gas determination under Section 107 (High
Cost Natural Gas) of the NGPA for the Scott Paper
Co. et al GU 36-13 #1 well (Permit No. 5410) in

Section 36, Township 2N, Range 6E, Escambia County, Alabama in the Big Escambia Creek Field, Smackover Gas Pool.

67. DOCKET NO. 3-2-8912PD

Application by First Energy Corporation for a new natural gas determination under Section 107 (High Cost Natural Gas) of the NGPA for the Scott Paper Co. et al GU 35-15 #1 well (Permit No. 5660) in Section 35, Township 2N, Range 7E, Escambia County, Alabama in the Big Escambia Creek Field, Smackover Gas Pool.

68. DOCKET NO. 3-2-8913PD

Application by Black Warrior Methane Corp. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the U.S. Pipe & Foundry 13-3-8 well (Permit No. 5771CG) in Section 13, Township 20S, Range 8W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

69. DOCKET NO. 3-2-8914PD

Application by Black Warrior Methane Corp. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the U.S.

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

70. DOCKET NO. 3-2-8915PD

Application by Black Warrior Methane Corp. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the U.S. Pipe & Foundry 7-3-7 well (Permit No. 5961CG) in Section 7, Township 20S, Range 7W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

71. DOCKET NO. 3-2-8916PD

Application by Black Warrior Methane Corp. for a new natural gas determination under Section 102(c)(1)(C) (New Onshore Reservoir) of the NGPA for the U.S. Pipe & Foundry 13-5-2 well (Permit No. 6093CG) in Section 13, Township 20S, Range 7W, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, Pottsville Coal Interval.

72. DOCKET NO. 3-2-8917PD

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 14-10-11 well (Permit No. 6170CG) in
Section 14, Township 20S, Range 8W, Tuscaloosa
County, Alabama in the Brookwood Coal Degasification
Field, Pottsville Coal Interval.

73. DOCKET NO. 3-2-8918PD

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 14-11-12 well (Permit No. 6185CG) in
Section 14, Township 20S, Range 8W, 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 30 and 31, 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 March 6, 1989. Petitions, exhibits, affidavits and proposed orders must be filed on or before March 21, 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"

MR. ROGERS: I have an order of the State Oil and Gas Board appointing me as Hearing Officer to conduct this hearing on behalf of the Board and the order will be made a part of the record.

(Whereupon, the order was
received in evidence)

MR. ROGERS: The procedure for this meeting is as follows: The Hearing Officer and the staff will hear the uncontested items on the docket today and certain other items, the State Oil and Gas Board will hear the recommendations of the Hearing Officer, contested items, and certain other items beginning at 10 o'clock a.m. on Friday, March 3, 1989. We have received requests for continuances of the following items: Item 1, Docket No 11-4-8821, petition by Victory Resources, Inc.; Item 2, Docket No. 12-15-889, petition by Lewis Operating Company, Inc.; Item 3, Docket No. 12-15-8810, petition by Lewis Operating Company, Inc.; Item 4, Docket No. 12-15-8820, continued petition by V. Monta Currie, Jr.; Item 9, Docket No. 3-9-891 [3-2-891], petition by V. Monta Currie, Jr.; Item 11, Docket No. 3-2-893, petition by Morrow Oil and Gas Company; Item 12, Docket No. 3-2-894, petition by First Energy Corporation; Item 13, Docket No. 3-2-895, petition by The River Gas Corporation; Item 14, Docket No. 3-2-896, petition by The River Gas Corporation; and

we will recommend to the Board that those items be continued. Item 19, Docket No. 3-2-8911, is a petition by Arco Oil and Gas Company, and we will recommend to the Board that that petition be continued to a special hearing set for 2 o'clock p.m. on March 16, 1989. Item 21, Docket No. 1-19-8918, is a motion by the Board for plugging the Peeks 29-1 Well in Pickens County. I will recommend to the Board that that item be continued. Item 22, Docket No. 1-19-8919, is a motion for the Board, by the Board, for plugging the E. J. Martin 30-6 Well in Blount County. At the Board meeting on January 20, 1989, this item was continued for 90 days. Item 23, Docket No. 1-19-8920, is a motion by the Board for plugging certain wells in Winston and Walker Counties, and at the January 20, 1989, meeting, this item was continued for 60 days. Item 26, Docket No. 9-15-8831, is a motion by the Board to plug certain wells in the Pollard Field in Escambia County. We have received a request for continuance of this item, and I will recommend to the Board that that item be continued. Item 25, Docket No. 11-4-8831, is a motion by the Board to amend Rule 400-1-3-.14 [400-1-3-.13] of the State Oil and Gas Board of Alabama Administrative Code relating to Deviation Tests, and I will recommend that that item be dismissed

without prejudice. Item 24, Docket No. 1-28-8829, is a motion by the Board to plug and abandon certain wells in the Peterson Coal Degasification Field in Tuscaloosa County. That item will be heard by the Board. The regular meeting of the Board will commence at 10 o'clock a.m. on Friday, March 3, 1989. As usual, the Hearing Officer and the staff will make recommendations to the Board at that 10 o'clock meeting. Dr. Mancini will call the first item.

DR. MANCINI: Mr. Rogers, before we call the first item, it's my understanding that the petitions by Hughes Eastern Corporation, that is Item 6 and Item 7, will take more than 15 minutes, so it would be my recommendation if there's no objections, that those items be heard at the end of the docket today.

MR. ROGERS: Hearing no objection, then we will follow that recommendation.

DR. MANCINI: Item 5, Docket No. 1-19-8910A, continued petition by Meridian Oil, Inc.

MR. HARRISON: Mr. Supervisor, I'm Steve Harrison of Tuscaloosa representing Meridian Oil. I have one witness I need

to have sworn, please.

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

WITNESS: Trenton Richards, 3302 Weeping Willow, Kingwood, Texas.

(Witness was sworn by Mr. Rogers)

MR. HARRISON: Gentlemen, this is a petition by Meridian Oil to establish a new gas field in Pickens County, Alabama, to be known as the Buncomb Creek Field. We are proposing that the field limits consist of the E/2 of Section 32 and the W/2 of Section 33, all in Township 18 South, Range 15 West, Pickens County, as underlain by the Carter and Lewis Sand Gas Pools. Mr. Richards, have you previously testified before this Board?

MR. RICHARDS: No, I have not.

MR. HARRISON: Have you filed an affidavit of your qualifications with the Board?

MR. RICHARDS: Yes.

MR. HARRISON: Could you briefly go through those qualifications?

MR. RICHARDS: I have a B.S. and an M.S. degree from West Texas State University. My M.S. was received in 1986. I've worked with Meridian Oil since June of 1982 to the present date.

MR. HARRISON: All right. I tender Mr. Richards as an expert petroleum geologist.

MR. ROGERS: He is so recognized.

TRENTON RICHARDS

Appearing as a witness on behalf of Petitioner, Meridian Oil, Inc., testified as follows:

DIRECT EXAMINATION

Questions by Mr. Harrison:

Q Thank you. Mr. Richards, have you prepared exhibits in support of this petition today?

A Yes, I have.

Q All right, let's go through those exhibits and explain to the Hearings Officer and the staff what they are intended to portray.

A Exhibit No. 1 is a structure map of the area around the field in question. There's a large down-to-the-north fault just due northeast of the Cherie Ann Odom and the Blalock wells. This fault is down to the northeast, which is counter to the regional down-to-the-south-southwest dip of the Black Warrior Basin is this, they're setting up a structural trap for the field. This is the trapping

mechanism for the two wells that we're--have completed in at this time.

Q All right, let's go to your Exhibit No. 2, please.

A Exhibit 2 is a gross sandstone isopach map of the Lower Carter Sandstone. It's the uppermost productive horizon within the Blalock 33-13. The isopach map shows that the sand body trends northeast to southwest and is thickening north of the Cherie Ann Odom.

Q All right, let's go to your Exhibit No. 3, please.

A Exhibit 3 is a gross sandstone isopach of the Lewis Sandstone, the lowermost productive horizon in the Blalock 33-13. This sandstone body trends northeast to southwest. It's approximately one mile in width, and as indicated by the dashed lines, those mean that it may thicken somewhat to the south of the Blalock in the center of what we have defined as the sandstone body itself.

Q All right, the Blalock well is completed in both the Carter and the Lewis Sand, and the Odom well is completed in which sand?

A In just the Lower Carter.

Q All right, let's go to your Exhibit No. 4, please.

A Exhibit 4 is a cross section indicating the stratigraphic interval in these two wells and which intervals are productive. The Blalock as indicated in the exhibit is completed in the Lower Carter Sandstone and in the Lewis Sandstone. The Odom 32-16 is completed in just the Lower Carter Sandstone.

Q All right, and in order to define the productive horizons in this field, we are using the Blalock well, and the Carter Sandstone is productive between 5,631 feet and 5,713 feet, is that correct?

A That is correct.

Q And the Lewis Sandstone, excuse me, is productive between 5,904 feet and 5,937 feet, is that correct?

A That is correct.

Q All right, let's go on to your next exhibit, please.

A Exhibit 5 is the OGB-9 form filed with the State Oil and Gas Board. This is indicating the production from the Carter Sandstone in the Blalock 33-13, indicates that we have tested the well over a 24-hour period for 1268.678 MCF

per day with 14.43 barrels per day.

Q All right, and your Exhibit No. 6, please.

A Is Form OGB-9 filed with the State Oil and Gas Board, and this is for the Lewis Sandstone interval of the Blalock 33-13, and this indicates that the 24-hour test produced 532.294 MCF per day with 5.92 barrels per day.

Q All right, Mr. Richards, have you read the petition and the Special Field Rules that we've proposed for this new field?

A Yes, I have.

Q And in your opinion, are these rules appropriate for these producing reservoirs?

A Yes.

Q Are you familiar with the term "waste" as defined by the statutes of the State of Alabama?

A Yes.

Q And in your opinion, will the granting of this petition prevent waste?

A Yes, it will.

Q Will it protect the coequal and correlative rights of all owners in this field?

Item 5

Item 8

A Yes.

MR. HARRISON: All right. I tender Exhibits 1 through 6 to the testimony of Mr. Richards.

MR. ROGERS: The exhibits are admitted.

(Whereupon, the exhibits
were received in evidence)

MR. HARRISON: Thank you. We have nothing further. I tender Mr. Richards to the Hearings Officer and staff.

MR. ROGERS: The staff has no questions. We'll review the evidence and make a recommendation to the Board tomorrow.

MR. HARRISON: Thank you.

DR. MANCINI: Item 8, Docket No. 2-2-891, continued petition by Browning & Welch, Inc.

MR. ROGERS: Mr. Scogin.

MR. SCOGIN: Yes, my name is Mark Scogin, representing Browning & Welch. This is a continued petition to force pool the E/2 of Section 11, Township 14 South, Range 12 West, in the Studhorse Creek Field. Browning & Welch owns or controls 99.65% of the oil and gas under the unit. The other ownership is owned by two heirs who have refused to lease. There's a landman's affidavit that's been submitted setting out these facts. An

Item 8

Item 10

affidavit regarding individual notices has been prefiled along with proofs of publication from the Montgomery Advertiser, Mobile Press Register, Birmingham Post Herald, and the Times-Record in Fayette. I ask that these affidavits be admitted and that the petition be granted based on the affidavits.

MR. ROGERS: All of the affidavits have been previously admitted and now, today, we'll admit this proof of publication from the Advertiser. Is there anything else that should be admitted into the record today, Mr. Scogin?

(Whereupon, the proof of publication was received in evidence)

MR. SCOGIN: No, sir.

MR. ROGERS: Then we'll review the record and make a recommendation to the Board. Thank you.

DR. MANCINI: Item 9, Docket No. 3-2-891, petition by V. Monta Currie, Jr. I'm sorry, excuse me, Item 9 has been continued. Item 10, Docket No. 3-2-892, petition by TXO Production Corporation.

MR. SLEDGE: Mr. Rogers, I'm Jim Sledge representing the petitioner. I previously submitted an affidavit of notice that I executed together with an original affidavit by the landman detailing the outstanding interests, and a supplemental affidavit addressing the issue of notice and offer to two individuals who had an attorney make an inquiry about this matter. I would ask that all of these affidavits be admitted into the record, and also, in order that the record might be complete, I believe you have a copy from Mr. Harold Jackson, attorney for Rozema Grove and Alva Holliday, and I'd ask that that be made a part of the record also.

MR. ROGERS: All right. That letter and those three affidavits are made a part of the record.

(Whereupon, the described documents were received in evidence)

MR. SLEDGE: And we would submit on the basis of the affidavits.

MR. ROGERS: We will make a recommendation to the Board based on these affidavits.

MR. SLEDGE: Thank you.

DR. MANCINI: Item 15, Docket No. 3-2-897, petition by Taurus Exploration, Inc.

MR. WATSON: Mr. Rogers, let's pass over that item until the last item on today's agenda, please.

MR. ROGERS: All right. Mr. Watson, do you prefer to hear that prior to the Hughes' item or after it?

MR. WATSON: After it.

MR. ROGERS: After it.

DR. MANCINI: Item 16, Docket No. 3-2-898, petition by Pruet Production Company.

MR. HARRISON: Gentlemen, I'm Steve Harrison of Tuscaloosa representing Pruet. This is a petition to force pool the NW/4 of the SW/4, Section 21, Township 1 North, Range 9 East, in Escambia County, Alabama, for a wildcat well to be drilled at that location, or in that unit. I have previously submitted an affidavit of testimony from Mr. Walter Wofford and also an affidavit of notice signed by myself in this matter. I would ask that those affidavits be admitted into the record.

MR. ROGERS: The affidavits are admitted.

(Whereupon, the affidavits
were received in evidence)

MR. HARRISON: And would ask that the petition be granted on the basis of those affidavits.

MR. ROGERS: We'll review--we'll make a recommendation to the Board at the hearing tomorrow. Thank you.

MR. HARRISON: Thank you.

DR. MANCINI: Item 17, Docket No. 3-2-899, petition by V. Monta Currie, Jr.

MR. HARRISON: Gentlemen, this is a petition by Monta Currie to force pool a 160-acre wildcat unit described by metes and bounds in Grant Section 31, Township 7 South, Range 3 East, of Baldwin County, Alabama, and again I have submitted an affidavit signed by Mr. Currie and also an affidavit of notice signed by myself and would ask that those be admitted into the record.

MR. ROGERS: Those affidavits are admitted.

(Whereupon, the affidavits
were received in evidence)

MR. HARRISON: And would ask that the petition be granted on the basis of those affidavits.

MR. ROGERS: Mr. Harrison, we also have this letter to Mr. Macrory with the State Lands Division stating that the--I assume,

the substance of the letter is that the state has leased its interest from the surface to a depth of 3500.

MR. HARRISON: Well, there is no lease from the state. The state has a policy if you have a tract of less than five acres they will not lease, but they will not object to being force pooled. So in this situation, the gist of that letter says that they do not object to the force pooling as long as it is limited to a depth of 3500 feet.

MR. ROGERS: All right. Is there any objection then to limiting the force pooling order to that depth?

MR. HARRISON: No, sir.

MR. ROGERS: All right.

MR. HARRISON: That's, that's in the order that we have proposed for this item.

MR. ROGERS: All right. We'll review the record and make a recommendation to the Board.

MR. HARRISON: Thank you.

MR. ROGERS: Thank you.

DR. MANCINI: Item 18, Docket No. 3-2-8910, petition by Convest Energy Corporation.

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

MR. ROGERS: Sir, would you state your name and address?

WITNESS: Jerry Mattiza, 2401 Fountainview Drive, Houston, Texas.

(Witness was sworn by Mr. Rogers)

MR. WATSON: Mr. Rogers, for hearing purposes, let's consolidate Items 18 and 20, please.

MR. ROGERS: Those items are consolidated.

MR. WATSON: And admit into the record the prefiled affidavit of notice in these items.

MR. ROGERS: The affidavit is admitted.

(Whereupon, the affidavits
were received in evidence)

MR. WATSON: Let the record show that I have amended my petition to show that petitioner, Convest Production Company, is a limited partner in a master limited partnership of which Convest Energy Corporation is the general partner. Both are authorized to do business in Alabama. All forms filed by Convest Energy have been changed with permission of the previous

operator to Convest Production. We will be proceeding accordingly this morning if that's permissible.

MR. ROGERS: That's fine, thank you.

MR. WATSON: Mr. Mattiza, you've never appeared before this Board but you have prefiled an affidavit of your qualifications as a petroleum geologist. I would ask that you briefly give Mr. Rogers and members of the staff your educational background and work experience.

MR. MATTIZA: I received a bachelor's of science degree in geology from the University of Houston in 1975. I've been employed by Convest Production Company since 1979 and familiar with the Osaka Field area.

MR. WATSON: I tender Mr. Mattiza as an expert petroleum geologist, Mr. Rogers.

MR. ROGERS: He is so recognized.

MR. WATSON: In these consolidated petitions today, we're asking first that the field rules for the Pollard Field be amended so as to delete an area, and we're asking for the creation of a new field for that same area that we're deleting from Pollard. We propose that that be named the Osaka Field in

Escambia County, Alabama. Our testimony will show we have a separate and distinct oil pool in the Osaka Field area, separate and distinct from the oil pools producing at the Pollard Field.

JERRY MATTIZA

Appearing as a witness on behalf of Petitioner, Convest Energy Corporation, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Watson:

Q In connection with these consolidated items, Mr. Mattiza, have you prepared exhibits in support of these petitions?

A Yes, I have.

Q I ask if you'd turn in the booklet of exhibits to Exhibit No. 1. Tell us what shown on this exhibit, please?

A Exhibit 1 is a field limit map. It indicates the Osaka Field limit outlined in blue; the Pollard Field limit outlined in green. It also shows the Convest Production Company-Tocumen Road Lumber Company 12-6 No. 1 drilling unit outlined in red.

Q All right. And we're asking, Mr. Rogers, that the NE/4 of 11, the N/2 and the NE/4 of the SE/4 of 12, all in 1 North, 8 East, underlain by this new sand, be deleted from Pollard

and included in this new field area. Let's turn to your Exhibit No. 2, Mr. Mattiza, and tell the staff what's shown there.

A Exhibit No. 2 is a survey plat showing the drilling unit for the Tocumen Road well as the SE/4 of the NW/4 of Section 12, 1 North, 8 East. It also shows the location of the well as being 1980 feet from the North line and 1710 feet from the West line of the section. It also indicates the well to be 390 feet from the West line and 660 feet from the South line of the drilling unit.

Q Now this is the wildcat unit upon which the well was drilled, is that correct?

A That's correct.

Q And we're asking in our field rules that the drilling units in the field be 40-acre governmental quarter-quarter sections, are we not?

A Yes, we are.

Q All right, sir. Let's turn to your Exhibit No. 3, which is a structural cross section. Describe the line of cross section and then tell us what's shown on the exhibit, Mr. Mattiza.

- A This is a structural cross section A-A'. The line of section is southeast to northwest, composed of three wells, the H.G.--the Humble-L. G. Crosby No. 6, the Humble-L. G. Crosby No. 8, and the Convest Production-Tocumen Road No. 1. On here we're showing the vertical relationship between the oil accumulation of the Pilot Sand in Pollard Field with that of the Pilot Sand at Osaka Field. Note the 250-foot difference in water levels between the two fields.
- Q So this is the first in a series of exhibits that would lead you to the conclusion that the oil accumulation in the Pilot Sand at Osaka is separate and distinct from any accumulation at Pollard, correct?
- A That's correct.
- Q All right, sir. Let's turn to your next exhibit which is your type log for this new discovery, Exhibit No. 4. Describe that exhibit for us, please.
- A This is the type log for the Osaka Field defining the Pilot Sand in Osaka Field. The top of the Pilot is 6059. The base of the Pilot Sand is at 6156. Also noted is the water level at 6092. Also indicated on the log are the perforations of 6060 to 6064 and the initial potential

flowing of 612 barrels of oil a day, 29 MCF, zero water, on 12/64-inch choke with a flowing tubing pressure of 620 pounds, and then the gravity of the crude at 39.7.

Q All right, sir. I believe you've included now in your Exhibit No. 5 a fault plane map. For what purpose have you included this exhibit, Mr. Mattiza?

A It's a fault plane map showing just the horizontal relationship between what we call the Pollard fault and the Osaka fault.

Q Which we will see on our next exhibit?

A Yes, that's correct.

Q Let's turn then to Exhibit No. 6.

A Exhibit No. 6 is a structure map built on the top of the Pilot Sand. It shows the Osaka Field is an upthrown closure similar to that of the Pollard Field. Both trapping faults are down to the north. These--the trapping fault at Osaka, as at Pollard, is part of the west-northwest trending graben system associated with the Pollard-Foshee fault systems. As you know, these systems are part of the regional peripheral fault trend associated

with Louann Salt movement.

Q All right, sir. We'll come back to this exhibit in a minute, but let's turn now to Exhibit No. 7, which is reservoir data and parameters of this new discovery. You're testifying to these exhibits that were prepared by Steve Tipton who is a petroleum engineer with Convest, is that correct?

A That's correct.

Q All right, sir. Tell us what's shown on this exhibit, please sir.

A This is the reservoir data and parameters from the Tocumen Road Lumber Company 12-6 No. 1. The total depth of the well is 6450. The perforations are 6060 to 6064.5 in the Lower Tuscaloosa. The first production test, if you'll turn to Exhibit No. 8, is the OGB-9. On here, please note that we tested--the test date was 1-29 to 1-30 for a duration of 12 hours. The well flowed 612.4 barrels a day, barrels of oil a day, 28.79 MCF, a gas-liquid ratio of 47.01 on a choke size of 12/64 with a flowing tubing pressure of 620 pounds. Also we have--Exhibit 9 is the

production test report from International Well Testers, and on here please note the choke sizes and the production for each choke size. Exhibit 9B on a choke of 14/64 flowed 748.7998 barrels, 10/64 choke flowed 450.3999 barrels, 7/64 choke flowed 204.7998 barrels, and the 12/64 choke flowed 612.3999 barrels.

Q All right, sir.

A The reservoir rock is a sandstone. The bottom hole pressure of 2814 pounds at 6062 as shown on Exhibit 10, the Camco report, a bottom hole temperature of 178 degrees F. at 6,000 feet, the average permeability of 123 millidarcies based on sidewall core analysis, Exhibit 13, and 258 millidarcies from the Horner plot, Exhibit 12.

Q We've included those in this booklet as an appendix for reference by the staff and for the record, is that correct?

A Yes, we have.

Q All right, sir, go ahead.

A The average porosity is 29%, estimated reservoir thickness is 32 feet, average water saturation is 30%, the hydrocarbon analysis for the well is attached as Exhibit 11

from the Analytical Lab report. Primary separator GOR is 47 standard cubic feet per barrel, the gas specific gravity is 1.126 at 60 degrees F., the oil specific gravity is .8458 at 60 degrees F., the molecular weight is 202, the formation volume factor is 1.07 reservoir barrels per stock tank barrel, calculated oil in place is 1,472 stock tank barrels per acre foot, drive mechanism is assumed combination water/solution gas, the recovery factor is an estimated 40--using an estimated 40%--recoverable oil in place of 589 stock tank barrels per acre foot.

Q All right, Mr. Mattiza, let's turn back if you would to Exhibit 6. You have drilled and tested this discovery well. Do you have plans for drilling any additional wells in this Osaka Field area?

A Yes, we do. We have staked and permitted a well in the SW/4 of the NW/4 of Section 12.

Q All right, sir. Now, looking at that exhibit, we're asking for 40-acre spacing, you're familiar with the Special Field Rules that we're proposing for the development of the field, are you not?

A Yes.

Q Forty-acre spacing with setbacks between--from each boundary of the unit of 330 feet, is that correct?

A That's correct.

Q And I believe from your second exhibit we show at least 390 feet off the west unit line, so this is not an exceptional location is it?

A No, it is not.

Q All right, sir. And from your testimony and the preliminary testing of this well, do you feel you have sufficient test information to justify the request of an allowable such as we've requested in the field rules of 250 barrels of oil per day?

A Yes, we do.

Q What is the well currently producing?

A The well is currently producing 235 barrels on an 8/64ths with flowing tubing pressure of 705 pounds.

Q Making any water?

A Making no water at all.

Q All right, sir. You feel that this maximum allowable per well of 250 barrels would be a maximum efficient rate that

this well could be produced so as to protect the reservoir from premature dissipation of energy?

A Yes, I do.

Q All right, sir, and do you feel like the 40-acre spacing is the optimum spacing for the development of this new oil pool that would protect coequal and correlative rights of all owners?

A Yes.

Q If the Board sees fit to grant this petition and promulgate these Special Field Rules, will these rules prevent waste as that term is defined in the oil and gas laws of Alabama?

A Yes.

MR. WATSON: Mr. Rogers, I tender to you for inclusion in the record Exhibits 1 through 13 to the testimony of Mr. Mattiza.

MR. ROGERS: The exhibits are admitted.

(Whereupon, the exhibits
were received in evidence)

MR. WATSON: And I submit my witness to the staff for any questions you may have on these items.

MR. ROGERS: The staff has no questions. We will review the

record and make a recommendation to the Board. Thank you.

MR. WATSON: Thank you very much.

DR. MANCINI: Items 6 and 7, Docket Nos. 1-19-896 and 1-19-897, continued petitions by Hughes Eastern Corporation.

MR. WATSON: Mr. Rogers, I have three witnesses and I'd like to have them sworn. I'll start with Mr. Sylte and ask him to state his name and address for the record.

FIRST WITNESS: My name is Andrew Sylte, Jackson, Mississippi.

SECOND WITNESS: James Stephens, Jackson, Mississippi.

THIRD WITNESS: Dick Mason, Jackson, Mississippi.

(Witnesses were sworn by Mr. Rogers)

MR. WATSON: We'll consolidate these items for hearing purposes, Mr. Rogers, please.

MR. ROGERS: Your request is granted and the items are consolidated.

MR. WATSON: And receive into the record the prefiled affidavits of notice--affidavit of notice.

MR. ROGERS: The affidavit of notice is admitted.

(Whereupon, the affidavit
was received in evidence)

MR. WATSON: These consolidated petitions seek to amend the Special Field Rules for the West Foshee Field so as to delete areas not to be included in a unit, the West Foshee Pilot Sand Oil Unit. Our second petition, of course, is to establish and approve a plan for unitizing the West Foshee Field Pilot Sand Oil Pool. Today we will be presenting our plan for unitizing West Foshee. We would then propose, if this plan is approved, to submit the plan for ratification to working and royalty interest owners, coming back before this body prior to the expiration of six months to present evidence of that ratification to make the unit effective, and we're suggesting an effective date of June 1, 1989. The reason for that will be pointed out in our testimony today as we go through. We have developed the West Foshee Field from east to west. We have been before this Board on several occasions for amendments to the field area as we gained additional information. We now have sufficient information and closure of the Pilot Sand Oil Pool to come before you and seek permission to operate this pool as a unit so as to maximize recovery from the pool, avoid economic waste, and protect the coequal and correlative rights of all owners in the unit. With that, my three witnesses today will

present the geological, engineering, and land testimony necessary for this Board to approve our plans for unitization. My first witness is Andy Sylte. Mr. Sylte has appeared before you on numerous occasions and has on file with you an affidavit of his qualifications, and I tender him to you today as an expert petroleum geologist.

MR. ROGERS: He is so recognized.

ANDREW SYLTE

Appearing as a witness on behalf of Petitioner, Hughes Eastern Corporation, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Watson:

Q Mr. Sylte, you're familiar with the petitions on file here today?

A Yes, I am.

Q And you have prepared exhibits in support of the petitions?

A Yes, I have.

Q If you would please, Mr. Sylte, let's turn in the booklet of exhibits to Exhibit No. 1. I'd ask that you tell Mr. Rogers and members of the staff what we're showing here, please.

- A All right. Exhibit 1 is a field limit map showing the current field limits for West Foshee Field highlighted in green. It also shows the proposed unit boundaries and the amended field limits highlighted in orange.
- Q All right, sir. The tracts that we're deleting, before we leave this just a minute, Mr. Sylte, the tracts that we're deleting will be shown to be not underlain by the Pilot Sand Oil Pool, is that correct?
- A That is correct.
- Q And in two of the tracts that I note on the eastern end, we see the ATIC 34-6 and the ATIC 34-10 wells. Those wells are completed in a pool that's not a part of the West Foshee Oil Field, is that correct?
- A That's correct.
- Q All right, sir. Let's go to your Exhibit No. 2, Mr. Sylte.
- A All right. Exhibit 2 is the type log for West Foshee Field. It's a dual induction-SFL gamma ray log on the Hughes Eastern Corporation-No. 1 ATIC 34-12. It shows the interval to be unitized consisting of the top of the Pilot Sand from 6165 to the base of the Pilot Sand at 6280. With those stratigraphic--in this well--with those stratigraphic

equivalent through the field bearing hydrocarbon, which bear hydrocarbon.

Q All right, sir. Now we will start a series of cross sections through the field beginning with Exhibit No. 3. Tell us what this line of cross section shows, Mr. Sylte.

A Well, the next several exhibits, what they will actually show you, they will define what is considered pay throughout the field. Through the course of developing West Foshee Field, it became apparent to us that we were dealing with three zones with three distinct and separate water levels. In these zones, by incorporating log, sidewall core, and production data, we were able to define what pay actually was, that being sand with porosity greater than or equal to 24% porosity off the FDC-CNL log with the sand signature or tracking using the density neutron, density and neutron curves. In addition to that, this net sand would occur above an inferred oil-water contact using a water saturation cutoff of less than 98%. The water saturation calculations were determined by using the Humble formula, which were the same formula used in the

Foshee unitization. All right, now Exhibit 3 is a structural cross section along the West Foshee spine. It goes from A-A', or from southeast to northeast. It is constructed with density neutron logs and hung on a subsea datum of 5950. It shows the upper porosity zone shaded in orange, middle porosity zone shaded in red, and lower porosity zone shaded in yellow, with inferred oil-water contacts represented as dashed lines.

Q I believe that line of cross section goes from southeast to northwest, not northeast, is that correct?

A Oh--that is correct--southeast to northwest. Starting with, from right to left, or from east to west, we have the Hughes Eastern-No. 1 ATIC 34-14, which we ran formation tests in the upper porosity zone and recovered some live oil along with formation water. The test results are listed below at the bottom of the cross section as are the test results for each of the wells tested. Then you go to the No. 1 ATIC 34-12, which was perforated in the upper porosity zone indicated by the dark red perforations shaded in, and then you go to the No. 1 ATIC 33-9, which was perforated in the lower porosity zone, then you go to the

No. 1 ATIC 33-8 perforated in the upper porosity zone, continuing to the No. 3 ATIC 33-7 perforated in the upper porosity zone, the No. 1 ATIC 33-2 perforated in the upper porosity zone, the No. 1 ATIC-Container 33-3 perforated in the lower porosity zone, on to the No. 1 ATIC-Container 33-4 perforated in the lower porosity zone, the No. 1 Powell 32-1 perforated in the lower porosity zone, and the No. 1 ATIC-Scott 32-2 perforated in the upper porosity zone, and finally, the No. 1 ATIC-Scott 32-3 which was structurally low and dry.

Q All right.

A One thing I would like for you all to note is if you observe the porosity zones throughout the entire field, the upper porosity zone is present in all wells within the West Foshee area and it's a relatively consistent thickness, where the middle and lower porosity zones vary in thickness and in some cases are not present. Furthermore, the middle and lower porosity zone, the number of feet of pay in the middle and lower porosity zone can be limited due to the thickness of the sand. For that reason, it was necessary to

construct net sand isopachs and incorporate them in with structural maps in order to make net pay isopachs.

Q When we discuss our proposed formula, this will become evident as to how we use these various maps to make that calculation, is that correct?

A That is correct.

Q All right, sir. Let's go to Exhibit No. 4, Mr. Sylte.

A Exhibit 4 is also a structural cross section across West Foshee Field. Again it's constructed with density neutron logs hung on a subsea datum of -5950. Again it shows the upper porosity zone shaded in orange, the middle porosity zone shaded in red, and lower porosity zone shaded in yellow, with the inferred oil-water contacts shown as dashed lines. If you look from right to left, or from B' to B, you have the Hughes Eastern-No. 1 ATIC 33-7, which is right next to the fault and caught into a little bit of roll into the fault. It was structurally low and wet and nonproductive. Then you go to the No. 1 ATIC-Container 33-6, which was perforated in the lower porosity zones as indicated by the dark red perforations in the depth column. Then you continue on to the No. 1 ATIC-Container

33-3 which was also perforated in the lower porosity zone.

Q No. 5?

A O.K. Exhibit 5 is, contains the same wells made in the cross section A-A', however, this time we used dual induction logs in order to show the oil-water contacts. It's hung on a subsea datum of 5950, and the porosity zone, the three porosity zones shown on the earlier exhibit are overlain on this cross section. You see the--what is considered to be oil shaded in green, the inferred oil--the oil-water contact shown as a dashed line with water shaded in blue. The area shaded in brown would be considered tight, tight rock or shale.

Q All right, sir. Next you have a fault plane map, which is your Exhibit 6.

A All right. Exhibit 6 is a fault plane map for the West Foshee fault. It's contoured on 200-foot contour intervals. The light blue highlighted line would show the approximate location of the fault at the top of the Lower Tuscaloosa Pilot Sand.

Q All right, Exhibit 7, your structure map on the upper porosity. Now you will go through several maps here with

the porosity zones, correct?

A That is correct.

Q This is the first of three.

A Exhibit 7 is the structure map on the upper porosity zone. It's contoured on 10-foot contour intervals. It is--the subsea tops for the upper porosity zone are given along with associated fault data and oil-water contacts were present. In addition to that, structural dip from dipmeters run on each of these wells are represented as arrows next to the wells. The--uh--what you're looking at is a gentle anticlinal closure up against a down-to-the-southwest normal fault shown as a shaded area, shaded--blue shaded area. The oil-water contact is represented as a dashed line and has been defined by the No. 1 ATIC 34-14 to the southeast, the No. 1 ATIC 34-5 to the northeast, the No. 1 ATIC 28-14 to the north, and the No. 1 ATIC-Scott 32-1 to the west. In addition to that, the down-to-the-southwest fault would be your limiting factor in that direction. The area shaded in green would be considered the area underlain by hydrocarbon.

Q All right. Now our formula that we're proposing for approval here today is we will share on the basis of the acre feet of production under a tract taking the total number of acre feet per tract as that relates to the total acre feet in the proposed pool and coming up with the participation formula, is that correct?

A That is correct. That is the same formula used in the Foshee unitization.

Q All right. So we're building the geological base for the determination of the participation formula as based on the number of acre feet under each individual tract in the unit---

A That is correct.

Q As it relates to the total acre feet in the unit, correct?

A That's correct.

Q All right.

A In addition, on this map I would like to point out that there are several tracts, tract 1, tract 3, tract 4, tract 5, tract 8, tract 10, tract 15, tract 17, and tract 19, which are believed to be underlain by hydrocarbon, however are--currently no producing wells are within these units or

tracts. We feel like by unitizing this field we could prevent drilling the marginal wells and efficiently drain those tracts with--under a unit.

Q All right. Exhibit 8?

A Exhibit 8 is a net sand isopach for the upper porosity zone. It's contoured on five-foot contour intervals. Again it shows that it's consistent. It's present throughout the field and is relatively consistent in thickness. The net sand isopach was then incorporated with the structural map to construct the next exhibit. Exhibit 9 is the net pay isopach for the upper porosity zone. It's contoured on five-foot contour intervals. Again the area shaded in green would be the area underlain by hydrocarbon. The wells circled in red would be the wells currently producing out of this zone.

Q All right, sir. Now we start with the middle porosity zone on your next exhibit, No. 10.

A Again this structure map on the middle porosity zone is contoured on 10-foot contour intervals. The subsea tops for the middle porosity zones are given along with associated fault data and oil-water contacts were present.

Again the structural dip from the dipmeters are indicated as arrows next to each of the wells. The oil-water contact is represented as a dashed line with the area underlain by hydrocarbon shaded in green.

Q All right, sir. Before we leave this exhibit, I point out for the record that the well located in the northeast of the northwest of Section 32 or the western end of the field, that Northrup 32-3 Well is not completed in the West Foshee Field is it, Mr. Sylte?

A No, that is not. It's part of the Hall Creek Unit currently producing out of the Norphlet.

Q All right, sir. Exhibit 11?

A All right. Exhibit 11 is a net sand isopach for the middle porosity zone. It's contoured on five-foot contour intervals, which you see on this map is that the net, the middle zone is thicker to the west and thinning to the east, and in several cases are actually absent, particularly the 34-14 No. 1. Again this map was integrated with the structural map in order to construct a net pay, net pay isopach for the middle porosity zone.

Q Which is your Exhibit 12.

A That is correct.

Q All right, sir.

A Exhibit 12 is the net pay isopach for the middle porosity zone. It's contoured on five-foot contour intervals with the area underlain by hydrocarbons shaded in green.

Q All right, sir. Exhibit 13?

A Exhibit 13 is the structural--structure map on top of the lower porosity zone. Again the subsea top for the lower porosity zone are given, associated fault data, structural dip, and oil-water contacts were present. The oil-water contacts are represented as dashed line. Again this is contoured on 10-foot contour intervals. The area shaded in green would be considered underlain by hydrocarbon.

Q All right, sir, 14, your net sand isopach?

A The sand isopach for the lower porosity zone shows that you would thin to the west and thickening to the central portion of West Foshee Field, particularly the No. 1 ATIC-Container 33-2, No. 1 ATIC-Container 33-6, and the No. 3 ATIC 33-7, and then you begin to thin further on to the

east and in several of the wells, the 34-5 and 34-14, it is no longer present. This map was incorporated with the structural map in order to create a net pay isopach.

Q Which is your Exhibit 15.

A Exhibit 15 is the net pay isopach for the lower porosity zone. It's contoured on five-foot contour intervals. The area shaded in green would be underlain with hydrocarbon with the wells circled in red being the wells currently producing out of this zone.

Q I've been watching that tract 19 as you go through here, Mr. Sylte. That tract has only a small touching of oil in this particular porosity interval as underlying it, is that correct?

A That is correct.

Q So--our formula where we have productive oil shown in one tract, we include the whole tract, is that correct?

A That is correct.

Q All right, sir.

A At that point the three net pay isopachs were handed over to the engineers to continue the process of evaluating unitization of this area, determining tract factors.

Q Mr. Sylte, one of the key points in presenting the unitization proposal to this Board is that we feel confident and to have sufficient information to give us confidence in the closure of the pool that we propose to unitize. Having been intimately familiar with the development of this field, are you testifying to this Board today that you have sufficient geological information upon which to propose a unit operation?

A That is correct.

Q All right, sir. My next witness is Jim Stephens, a petroleum engineer. Mr. Stephens has appeared before this Board on numerous occasions, has on file with this Board an affidavit of his qualifications and has been accepted as an expert. I tender him as such for this hearing, Mr. Rogers.
MR. ROGERS: He is so recognized.

JAMES STEPHENS

Appearing as a witness on behalf of Petitioner, Hughes Eastern Corporation, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Watson:

Q Mr. Stephens, you're familiar with the petitions and have

prepared exhibits in support of this plan of unitization?

A Yes, sir, I have.

Q All right, sir, let's describe now, once we have defined the geological parameters, let's talk about the productive capabilities and the history of this field, and I believe we can start that with your Exhibit 16.

A Yes, sir, Exhibit 16 is a graph of West Foshee Field production versus time. It shows the history of the field from the time that production started up through November of '88. As you can see from the very lower portion of the graph, there are currently 10 completed wells in the West Foshee Field. The--from the oil production curve, you can see that the oil production is about 21,000 barrels per month for November of '88, and the water production is a little over 40,000 barrels of water per month. It's significant to note that while the oil production has been fairly steady the water production has continued to increase. This is the result of some of the wells being slightly low in their producing interval and starting to cut water fairly early in their producing lives.

Q Have you shown now in Exhibit 16A the individual productive characteristics of the wells in this field, Mr. Stephens?

A Yes, sir. Exhibit 16A is simply the table of data that was used to prepare the graph, Exhibit 16, for the overall field, but we wanted to show each individual well's production so that you could see what any particular well in the field was producing. You will notice that in looking through this list of wells there are several wells such as the ATIC 33-9, the ATIC 33-8, the ATIC 33-7 No. 3, the ATIC-Container 33-3, and the ATIC 33-6, which are already up to 85% and greater water cut. Now one thing we would like to point out is that by unitizing this field, when the wells become uneconomic as the water cut continues to increase and the oil production goes down, we will be able to take marginal economic wells off the line without sacrificing a loss of reserves for that particular tract. For example, a downdip well may become uneconomic and without unitization would normally be shut in, and if there were small reserves left in that tract, they would normally be lost as far as that 40-acre unit was concerned. However,

under unitization they will still be produced by the updip producing wells but the owners in the 40-acre tract will get their fair share of the reserves even though a well might cease to produce in that particular tract.

Q All right, sir. That's probably one of the primary incentives to royalty owners in this field to support this unit, wouldn't you think?

A Yes, sir.

Q Because it's clear that some of these edge wells that are making water will approach economic limits and under competitive operations the operator would have no alternative but to abandon those wells, correct?

A Yes, sir, that's correct.

Q And the oil in all likelihood would be produced by wells upstructure and those owners in those tracts would not participate in that---

A That's correct.

Q Unless this field was unitized?

A That's correct.

Q Furthermore, the unitization proposal would allow the operator to drill strategic wells to further optimize the

drainage of those remaining recoverable reserves rather than drilling on the particular 40-acre drilling units that's set up, is that correct?

A Yes, sir, that's correct.

Q All right, sir. Now, let's look at your Exhibit No. 17, Mr. Stephens.

A Exhibit 17 is the bottom hole pressure history for West Foshee Field. It least--excuse me--it lists each well completed in the field along with the date that the bottom hole pressures were taken and the perforations where that particular well is completed. There are five wells completed in the upper porosity interval and five wells completed in the lower porosity interval. All these are completed between a depth of 6169 feet and 6299 feet. Those are the--uh--the drill depth. The perforation depths are, are from 6166 feet down to 6297 feet for the tops of the perforations, so there--what I'm saying is they're all completed within a very close interval. As you can see from the measured pressures, all the pressures are about 2700 psi. Those wells completed in the lower zone then have

about the same bottom hole pressure as the wells completed in the upper zone and there should be no particular producing advantage of one zone over the other since the pressure in these intervals is the same.

Q That's important for the purpose of managing this reservoir as a single unit, is it not, to have these characteristics to be so similar and have the interval being as close as you've described it?

A Yes, sir, it is.

Q In operating this as a single unit, then it's your testimony that you can operate and produce efficiently and economically these upper, middle, and lower zones of porosity as a single entity and recover the maximum amount of hydrocarbons recoverable from those, is that correct?

A Yes, sir.

Q And down the road, Mr. Stevens, if and when the operator determines, and this plan would allow for that, determines that some secondary or tertiary recovery program is necessary, is it your testimony that you could recover additional reserves by those methods from these different

porosity zones in an economic and efficient way?

A Yes, sir, it is.

Q All right. We will have some testimony on the economics of that a little later. Let's go then to your next exhibit, Exhibit 18.

A Exhibit 18 shows the tract participation factors for West Foshee Field. As Mr. Sylte stated, he constructed the net pay isopachs for each porosity interval and then these were, the isopachs were turned over to an independent third party for calculating the actual number of acre feet containing hydrocarbons that's in each tract in the field, and this lists the acre feet in the upper porosity, the middle porosity, and the lower porosity for each of the 19 tracts. You can see in the fifth column over there's an acre foot total which would be the combination of all the porosity intervals, and then to the very far right a tract participation factor. The tract participation factor is arrived at by taking the total number of productive acre feet in any one tract and dividing that into the total number of productive acre feet in the entire--the sum of the 19 tracts--the entire field. Looking at the numbers

here, you can see that the upper porosity interval by far is the largest in terms of acre feet of productive area. The--the acre feet in the upper tract is 4164 acre feet, which represents right at 70% of the productive acre feet for the field. The middle porosity interval represents only 7.8% of the productive acre feet in the field, and the lower porosity interval represents 22 1/2% of the productive acre feet in the field.

Q Do you have some handout exhibits that I can pass up to the staff at this point, Mr. Stephens?

(Exhibits were distributed)

Q We have prefiled these exhibits with the staff to review, but let's take your Exhibit 18A, which I believe is a reserve calculation of the reserves we see in this Pilot Sand, is that correct?

A Yes, sir. We took the Engineering Service planimetered volumes in the sands and calculated the estimated recoverable reserves for the field. We used parameters of an average porosity of 28%, an average water saturation of 50%, and estimated residual oil saturation of 18%, formation

volume factor of 1.05 reservoir barrels per stock tank barrel, and a sweep efficiency of 62 1/2%. Using these parameters, we calculated original oil in place of 1,034 stock tank barrels per acre foot. Based on the estimated residual oil saturation and the sweep efficiency we're expecting, we've estimated a recovery of 40% of original oil in place. Therefore, the primary recoverable oil in the 5970 acre feet of reservoir volume would be 2,457,000 barrels.

Q By the way, how many barrels of oil has this field produced to date, Mr. Stephens?

A It's right about 300,000. Back on Exhibit--uh--Exhibit 16A, we showed cumulative production of 235,000 barrels, but that was as of the end of November and so we're approaching the 300,000 barrel mark now.

Q Now, so that we're clear on this, we will accomplish the prevention of waste and protection of coequal and correlative rights by operating this field as a unit, handling those wells that are starting to make water that will approach their economic limits by sharing in the production from the updip wells, the higher structure wells,

and you have the option under the unit plan to, if approved, to drill additional infill wells at strategic locations to optimize recovery, correct?

A Yes, sir.

Q Now, if at a point in time when pressure maintenance or secondary recovery practices may be deemed appropriate for additional recovery, have you prepared an exhibit that would show some economics as to the projected cost and income for such?

A Yes, we have. Obviously, as early in the life of the field as we are, we don't know what the ultimate pressure history of the field is gonna be and it may well be that a secondary recovery project becomes feasible and economical. The Exhibit 18B is the projection of secondary reserves which may be recovered. The original oil in place as we calculated in the previous exhibit, is 6173 MBO. The expected primary recovery as we stated is 40% or about 2 1/2 million barrels. The projected secondary recovery would be an additional 10% of the original oil in place or 617,000 barrels. Rough economics based on \$10 per barrel

net price after severance tax and royalty yields about \$6.2 million of gross income from those additional reserves. Now we've estimated the cost of installing a secondary recovery project including the drilling of five additional wells and reentering or converting three wells plus the cost of pumps and pipelines at about \$1.9 million. And incremental cost of operating such a project for an estimated 10-year extended life would be \$2.88 million for a total project, lease operating cost and investment of 4.78 million. Therefore, the value of the secondary reserves at \$6.17 million exceeds the cost of installing the project and operating it by \$1.39 million. Therefore, the project, if later deemed to be feasible due to the production history of the field, would be economic.

Q All right, sir. My next witness is Dick Mason, III, who has appeared before this Board on numerous occasions and has on file with this Board an affidavit of his qualifications as a petroleum landman, and I tender him to the staff, Mr. Rogers, as an expert landman.

MR. ROGERS: He is so recognized.

DICK MASON, III

Appearing as a witness on behalf of Petitioner, Hughes Eastern Corporation, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Watson:

Q Mr. Mason, you have had charge and responsibility for the preparation of Exhibits 19 and 20, the Unit Agreement and Unit Operating Agreement, is that correct?

A That's correct.

Q You're familiar with the ownership in the West Foshee Pilot Sand Oil Unit, are you not?

A Yes.

Q And it's our proposal here today to take this plan that we've presented, if approved, to the working and royalty interest owners and overriding royalty interest owners for ratification?

A That's correct.

Q Submitting to the royalty owners the Unit Agreement and to the working interest owners the Unit Operating Agreement for their approval?

A That's correct.

- Q All right, sir. Tell us before we kind of look through these agreements about the ownership and your projection, Mr. Mason, on ratification of this plan, is this unit area--does it consist of a large amount of common ownership?
- A It consists of an extremely large amount of common ownership. If you would look at a map, the only, on one of the previous exhibits that's been discussed, the tracts.
- Q Let's take Exhibit No. 1.
- A Exhibit No. 1, tract 15, tract 18, and tract 19 have common ownership under those tracts, however, it is a different ownership from the remainder of the tracts in the proposed fieldwide unit, which is common.
- Q All right, sir. And that, that large area of common ownership is the ATIC group, the four paper companies that commonly were referred to as the ATIC group?
- A That's correct.
- Q All right, sir. Is it your understanding that this group of common ownership composed of the ATIC group would constitute 75% or greater of the royalty interests in this proposed unit area?
- A Yes, they would.

Q All right, sir. And the working interest ownership, Mr. Mason, how diverse is it?

A The working interest ownership for the most part is composed of what we would call the Hughes group. It's a group of investors that have participated with us, not only in the development of the West Foshee Field but also in the development of the Foshee Field which has previously been unitized. We have met with these people. They are already supportive of the program and will of course ratify it in writing.

Q So it's your plan and it's your estimate that we could achieve ratification and be back before this Board within a reasonable amount of time, certainly before six months from now, is that correct?

A That's correct.

Q Now, I alluded to the fact, Mr. Mason, that in our plan, and it's set out in the Unit Agreement in the proposed effective date, that if approved and ratified we would suggest and submit that the effective date of unit operations would be June 1, 1989, beginning at 7 o'clock a.m., is that your understanding?

A Yes, that's right.

Q Is it your testimony here that you believe that we can be back to this Board and have the ratification plan approved prior to this time?

A Yes, it is.

Q All right, sir. There would be some concern if we were not here before June of having the ratification approved subsequent to that June 1 date. I might state, Mr. Rogers, for the record, that we would have no problem in a stipulation to the fact that the unit ratification would have to be completed prior to that June 1 date or the effective date would have to be adjusted accordingly. Mr. Mason, is it fair to say that if we could not be back before June 1 with the ratification but came in subsequent to that with proof of ratification, that the effective date of the unit would be the first day of the month following the month in which the Board approved the ratification?

A Yes.

Q All right, sir. Very briefly, let's look at the Unit Agreement, Mr. Mason. This Unit Agreement sets out the plan of operations, does it not?

A It does.

Q That plan of operations has been testified to by Mr. Stephens, correct?

A Yes.

Q Sets out the tract participation formulas, or formula?

A That's correct.

Q Would you state for me very briefly that formula as you understand it as contained in Article 5?

A Basically, the way I understand it it's the total amount of productive acre feet in the field divided into the respective allotted acre feet attributed to each individual tract.

Q All right, sir. And then we allocate those unitized substances to the various tracts as they have been described and delineated in the unit area?

A Yes.

Q All right, sir. And we have defined the unitized interval and the unitized substances in this Unit Agreement?

A Yes.

Q All right, sir, and we've provided for enlargement of the

unit area as specified in the Code of Alabama?

A Yes, we have.

Q All right, sir. And we have provided for the execution of this agreement or its counterparts for the purpose of proving ratification in accordance with the law of Alabama, have we not?

A We have.

Q Now the Unit Operating Agreement, Mr. Mason, is submitted to the working interest owners for their approval and contains the agreements among those people who will put up the monies necessary to develop this unit and operate it as a unit?

A That's correct.

Q All right, sir, and it also delineates the method of sharing of costs as well as expenses for unit operations?

A Yes.

Q And those are all set out in the Unit Operating Agreement in the Exhibit E, the tract participation and unit participation for the various working interest owners?

A That's right.

Q And both these agreements, Mr. Mason, have been submitted to this Board for the Foshee unit and approved in substance? They're identical to these two plans and this Board---

A They're indential with the exception of the tract participation factor. Correct.

Q Correct. All right, sir. Mr. Rogers, I'd ask that you receive into evidence Exhibits 1 through 20 to the testimony of these three gentlemen.

MR. ROGERS: The exhibits are admitted.

(Whereupon, the exhibits
were received in evidence)

Q Now I'll ask each of you in your opinion would the granting of this petition approving this unit plan for the West Foshee Pilot Sand Oil Unit prevent waste and protect coequal and correlative rights, Mr. Sylte?

MR. SYLTE: It would.

Q Mr. Stephens?

MR. STEPHENS: Yes, sir, it would.

Q And Mr. Mason?

MR. MASON: It would.

Q And would the plan also provide for the orderly development and operations in accordance with the unitization statutes of this state? Is your answer the same, each of you?

MR. SYLTE: Yes.

MR. STEPHENS: Yes.

MR. MASON: Yes.

MR. WATSON: I tender these witnesses then, Mr. Rogers, to the staff for any questions you have on this plan of unitization.

MR. ROGERS: Mr. Hall.

MR. HALL: Mr. Sylte.

EXAMINATION BY BOARD/STAFF

ANDREW SYLTE

Questions by Mr. Hall:

A Yes, sir.

Q Why did you use a porosity cutoff of 24% in the West Foshee Field as opposed to a lower porosity cutoff?

A Well, several of the wells in West Foshee Field, in doing this, comparing the sidewall core data with log analysis data, I had several of the wells, particularly the 34-14 No. 1, the 33-2 No. 1, and the 33-8 No. 1. When I did analyses on certain porosity zones, on the porosity zones,

I would find well within or on top of these porosity zones where they were considered to be pay the porosity would drop below 24%. At that point, the sidewall core data would give no show. The sidewall cores would analyze tight, and in addition to that, the log analysis--salt water saturations for these wells in these particular intervals would calculate over 100% wet, which you can't really have oil sandwiched--I mean water sandwiched in between oil or water on top of oil. Furthermore, there were several other wells throughout the field which I can't recall at this particular time that the porosities did drop below 24%, and again, the sidewall cores did not give any show of oil or hydrocarbons and were analyzed tight, although they may analyze less than 100% wet.

Q Did you all, in the West Foshee Field, did you all cut any conventional cores?

A No, we did not.

MR. HALL: Thank you.

MR. ROGERS: We have no other questions. Anything else, Mr. Watson?

MR. WATSON: That's all we have, Mr. Rogers.

MR. WATSON: Then you've addressed my issue--my question about the effective date and the ratification---

MR. WATSON: Yes.

MR. ROGERS: ---prior to that date. We'll review the record and one other point, we'll admit into the record correspondence we received from various parties relating to this matter. These will all be a part of the record.

(Whereupon, the described documents were received in evidence)

DR. MANCINI: Mr. Watson, this letter I received today from the McCauleys, and would it be a problem in light of the, and do you want to see this letter?

MR. WATSON: It would probably help.

(Dr. Mancini handed letter to Mr. Watson)

DR. MANCINI: In light of this letter, would it present a problem if we left the record open in case the Board tomorrow would have any questions to you about this particular letter?

MR. WATSON: No, sir, I can answer that question without reading the letter. I'm familiar with these, with this family. This company has had numerous contacts with the McCauley family,

both in Miami and in Panama City, and we've gone to what I consider to be the extra lengths, even to the point of sending Mr. Mason to Miami, if they deemed it necessary, to explain this plan. And these people are our lessors. We have their interest, and I might point out for the record that the Board also was contacted by a law firm. Broox Garrett's law firm in Brewton, Alabama, had some concern about this unitization. Mr. Garrett's law firm derives its interest from this family. We've explained to those knowledgeable people our plans. They're in full support of the plan. We have submitted to these--this family that if they would contact someone like that, if we can't make them understand what we're doing, they can. So I have no problem.

DR. MANCINI: O.K.

MR. WATSON: I'd like to keep this and read it. I'll give it back.

MR. ROGERS: Then the record will remain open until tomorrow on this item.

MR. WATSON: All right, sir.

MR. ROGERS: All right.

MR. WATSON: I would--before we go to the next item, Dr.

Mancini, I would release my witnesses, and of course, I'll be here for any questions. I don't anticipate them be needed.

DR. MANCINI: We don't suspect these to be any technical questions but the Board might have a question about the---

MR. WATSON: All right.

MR. ROGERS: The witnesses are released.

DR. MANCINI: Item 15, Docket No. 3-2-897, petition by Taurus Exploration, Inc.

MR. WATSON: I have one witness, Mr. Rogers. I'd like you to swear him in if you would, please.

MR. ROGERS: State your name and address.

WITNESS: Robert P. Roark, Birmingham, Alabama.

(Witness was sworn by Mr. Rogers)

MR. WATSON: If you'd admit the affidavit of notice that was prefiled in this matter into the record, please.

MR. ROGERS: The affidavit is admitted.

(Whereupon, the affidavit
was received in evidence)

MR. WATSON: We're requesting in this petition an order amending the Special Field Rules for the Watts Creek Field in Marion County, Alabama, so as to add the unit for the Bobo 22-14 No. 1 Well to the Watts Creek Field. Mr. Roark, you've appeared before this Board as a petroleum geologist and have on file with the Board an affidavit of those qualifications?

MR. ROARK: Yes, I do.

MR. WATSON: Mr. Rogers, having accepted Mr. Roark before, I tender him as an expert in this case.

MR. ROGERS: He is so recognized.

ROBERT P. ROARK

Appearing as a witness on behalf of Petitioner, Taurus Exploration, Inc., testified as follows:

DIRECT EXAMINATION

Questions by Mr. Watson:

Q Mr. Roark, you've prepared an exhibit packet. Let's take that set of exhibits and turn to Exhibit No. 1, an index map, and describe what's shown thereon to Mr. Rogers and the staff, please.

A All right. Exhibit No. 1 is the index map. This map shows

the current outline of Watts Creek Field, which is noted in the bold outline. It also shows the Taurus-Bobo 22-14 S/2 of Section 22 unit which is to be added to the field as a productive extension. This is shown in the dark shading. You'll note in that unit that there is a dry hole in the SE/4. Geological data in succeeding exhibits will show that there are hydrocarbons under the SE/4 such that the S/2 unit orientation will both maximize protection of the royalty owners and the economic drainage of reserves in Section 22. And then lastly, this map shows the line of cross section A-A' which we will be looking at in Exhibit 4, and I would suggest that you might keep this exhibit handy so that you can see this line when you get to that exhibit.

Q All right, sir, let's go to your next exhibit, Mr. Roark, your structure map.

A All right. Exhibit No. 2 is a structure map on top of the net Lewis Sandstone. We have defined the net Lewis Sandstone as porosity of nine percent or greater. You'll also note by a light dashed line a gas-water contact of -1115 feet subsea. This gas-water contact along with the

stratigraphic sand limits which are shown in the heavier dashed line form the productive limits of the field.

The--in the Bobo well in Section 22, we see the top of the sand at -1,089 feet subsea. This--we will see from the gas-water contact in the Bobo unit that both a portion of the Southwest and the Southeast Quarter are underlain by hydrocarbons to be produced by this unit.

Q All right, sir. Let's look at your isopach map, which is Exhibit 3.

A Exhibit 3 is the isopach map of the net Lewis Sandstone. Again we've defined the net Lewis Sandstone as nine percent cross-plotted porosity or greater. We have superimposed from Exhibit 2 the gas-water contact of -1115. In the Bobo 22-14, we see 28 feet of net Lewis Sand of which 18 feet is net gas and 10 feet is net water. The tracing of the gas-water contact shows again that there are hydrocarbons in the S/2 unit area to be included in the field.

Q All right, sir. Let's now look at your cross section which ties this well in to other wells in the Watts Creek Field. Describe that line of cross section to us, please.

A All right. Exhibit 4 is a structural cross section A-A', starting on your left with the Bobo 22-14, going through the Casey 27-8, and concluding in the Taylor Estate 26-14. This cross section shows (1) the stratigraphic correlation of the Lewis Sand going from the Bobo well to Watts Creek Field. Secondly, it shows the downdip structural relationship of the Bobo 22-14 to the 27-8 and the 26-14, and you can see from looking at this structural relationship the critical relationship of the downdip water to the gas column across the field. The--you'll note that the test rates are highlighted on each of the well bores, and these test rates verify the extension of production into the S/2 unit showing reservoir continuity between the Bobo 22-14 and Watts Creek Field.

Q All right. Now your final exhibit is a test on OGB-9, the test of the Bobo 22-14. How did that well test?

A The well was perforated from 1666 to 1671, which is the Lewis Sand. In a 12-hour test, the well flowed at a rate of 225 MCF per day at 65 pounds of pressure on a 24/64-inch choke. Shut-in tubing pressure was 630 pounds, which is

compatible with the rest of the field, and we are just basically seeing the quantitative test data to show that the Bobo is productive of gas hydrocarbons and is a protective extension to the Watts Creek Field.

Q All right. Mr. Rogers, I ask that you receive Exhibits 1 through 5 to the testimony of Mr. Roark into the record.

MR. ROGERS: The exhibits are admitted.

(Whereupon, the exhibits
were received in evidence)

Q So you've just stated that based on all the evidence you've seen the Bobo 22-14 is a part of and should be included in the Watts Creek Field?

A Yes, sir.

Q And inclusion of that well into the field will prevent waste and protect coequal and correlative rights?

A Yes, it will.

MR. WATSON: All right, sir. I tender Mr. Roark to you for any questions you may have.

MR. ROGERS: The staff has no questions. We'll review the evidence and make a recommendation to the Board.

MR. WATSON: Thank you.

MR. ROGERS: Thank you. Is there any other business before this body? Hearing none, the meeting is adjourned.

(Whereupon, at 11:25 a.m. the hearing was adjourned)

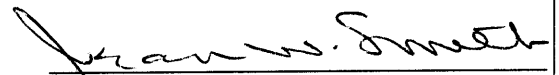
REPORTER'S CERTIFICATE

STATE OF ALABAMA ()

COUNTY OF TUSCALOOSA ()

I, Jean W. Smith, Hearings Reporter in and for the State of Alabama, do hereby certify that on Thursday, March 2, 1989, in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, I reported the proceedings before a Hearing Officer; that the foregoing 115 typewritten pages contain a true and accurate verbatim transcription of said proceedings to the best of my ability, skill, knowledge, and belief.

I further certify that I am neither of kin or counsel to the parties to said cause, nor in any manner interested in the results thereof.



Jean W. Smith
Hearings Reporter
State of Alabama