

BEFORE THE STATE OIL AND GAS BOARD OF ALABAMA

PURSUANT TO A DECISION RENDERED
DURING A REGULAR SESSION OF THE
STATE OIL AND GAS BOARD OF ALABAMA
ON MAY 18, 1990, THE FOLLOWING
ORDER IS HEREBY PROMULGATED:

IN RE: ORDER NO. 90-130

DOCKET NO. 5-17-9017

This cause came on for hearing before Marvin Rogers, General Counsel for the Board, acting as Hearing Officer duly appointed by the State Oil and Gas Board of Alabama, pursuant to Rule 400-1-14 of the State Oil and Gas Board of Alabama Administrative Code, on the petition of Four Star Oil & Gas Company, a foreign corporation with a principal place of business in New Orleans, Louisiana, authorized to do and doing business in the State of Alabama, and requesting the Board to enter an Order finding that the relative contribution which the separately owned Tracts in the Hatter's Pond Unit in the Hatter's Pond Field, Mobile County, Alabama, is expected to make during Unit Production has been shown to be erroneous by subsequently discovered data and should be altered, and approving the correspondingly altered Tract Participation of each Tract in said Unit. The State Oil and Gas Board, after receiving and reviewing the report of the Hearing Officer and considering the evidence finds that due and proper notice of the hearing of said cause has been given in the manner and form and for the time required by law and the rules and regulations of this Board, and that proofs of publication of notice are on file with the Board, and that the Board has full jurisdiction of this cause, and the Board being fully advised in the premises finds:

FINDINGS OF FACT

I.

The State Oil and Gas Board of Alabama issued its Order Nos. 83-170 and 84-382 (together with Order No. 85-63 implementing Order No. 84-382), which approved the Hatter's Pond Unit in the Hatter's Pond Field, Mobile County, Alabama, and promulgated Special Field Rules therefor.

II.

Said Order No. 84-382 also established and approved an allocation of the Unit Production among the separately owned Tracts in the Hatter's Pond Unit, using a 60% pore volume factor and a 40% productivity factor, the Board having found that this allocation is based on the relative contribution which each such Tract is expected to make to total Unit Production during the course of the Unit Operation, and the Tract Participation of each Tract in the Unit was calculated in accordance with such allocation formula. Subsequently, the State Oil and Gas Board of Alabama issued its Orders 86-294 and 88-51 altering the Tract contribution and corresponding Tract Participation based upon subsequently discovered data.

III.

That since said Hatter's Pond Unit was established by Board Order No. 84-382, and the Tract Participations were altered by Board Orders No. 86-294 and 88-51, the Hatter's Pond Unit 10-3 No. 1 Well, Permit No. 6486, has been drilled, and the subsequently obtained data from said well shows that the relative contribution which each separately owned Tracts in the Unit is expected to make during Unit Production is erroneous because the Pore Volume assigned to some of the Tracts in the Unit is incorrect, making the percentage of Total Pore Volume allotted to all Tracts incorrect and, as a result, alteration of the Tract contribution and corresponding alteration of the Tract Participation of each Tract in the Hatter's Pond Unit in the Hatter's Pond Field, Mobile County, Alabama, is required.

IV.

That alteration of Tract contribution and approval of correspondingly altered Tract Participation of each Tract in the Hatter's Pond Unit in the Hatter's Pond Field, Mobile County, Alabama, are in the interest of conservation and necessary to protect the co-equal and correlative rights of all parties in interest.

CONCLUSIONS OF LAW

Based on the subsequently discovered data, the expected contribution of each Tract in the Unit is hereby altered by the Board, and the correspondingly altered Tract Participation of each Tract in the Hatter's Pond Unit in the Hatter's Pond Field, Mobile County, Alabama, prepared by the Unit Operator in accordance with the provisions of the Unit Agreement and Sec. 9-17-866, Code of Alabama (1975), as last amended, and as shown on the attached revised Exhibit "A", is hereby approved by the Board.

The altered Tract Participations shown on the attached revised Exhibit "A" shall be effective as of 7:00 a.m. on the first day of June, 1990.

Based on the Findings of Fact set forth hereinabove, IT IS THEREFORE, HEREBY ORDERED, ADJUDGED AND DECREED by the State Oil and Gas Board of Alabama that the Petition is GRANTED. Said Petition is granted to approve the correspondingly altered Tract Participation of each Tract in the Hatter's Pond Unit in the Hatter's Pond Field, Mobile County, Alabama.

ORDERED this 18th day of May, 1990.

STATE OIL AND GAS BOARD OF ALABAMA

BY: 
Dr. Ralph Adams, Chairman

BY: 
Gaines C. McCorquodale, Member

BY: 
Matthew S. Metcalfe, Member

ATTEST:


Ernest A. Mancini, Secretary

EXHIBIT "A"

Attached and made a part of

HATTER'S POND UNIT AGREEMENT and HATTER'S POND UNIT OPERATING AGREEMENT MOBILE COUNTY, ALABAMA

TRACT NUMBER	DESCRIPTION	PORE VOLUME (% OF TOTAL PORE VOLUME)	PRODUCTIVITY (% OF TOTAL PRODUCTIVITY)	% TRACT PARTICIPATION (60% P.V. AND 40% PROD.)
200	All of Section 2, T2S, R1W	8,076.443 (7.88189%)	8,606 (11.28745%)	9.24411
300	All of Section 3, T2S, R1W	20,372.246 (19.88150%)	8,066 (10.57919%)	16.16058
400	All of Section 4, T2S, R1W	5,137.890 (5.01413%)	3,725 (4.88563%)	4.96273
800	The SE 1/4 of Section 8, T2S, R1W	31.812 (0.03105%)	0	0.01863
900	All of Section 9, T2S, R1W	4,722.243 (4.60849%)	2,548 (3.34190%)	4.10185
1000	All of Section 10, T2S, R1W	16,387.479 (15.99273%)	8,787 (11.52484%)	14.20357
1100	All that part of the NW 1/4 of NW 1/4 of Section 11 lying West of the West right-of-way line of the St. Louis-San Francisco Railroad, and all that part of the W 1/2 of the SW 1/4 of the NW 1/4 of Section 11 lying West of the West right-of- way line of the St. Louis-San Francisco Railroad, T2S, R1W	553.002 (0.53968%)	0	0.32381
1500	All of Section 15, T2S, R1W	10,997.878 (10.73295%)	8,232 (10.79691%)	10.75854
1600	All of Section 16, T2S, R1W	10,648.301 (10.39180%)	6,843 (8.98166%)	9.66774
1700	All of Section 17, T2S, R1W	880.787 (0.86680%)	1,841 (2.41462%)	1.30593
2100	All of Section 21, T2S, R1W	7,649.161 (7.46490%)	6,821 (8.94628%)	8.05745
2200	All that part of the NW 1/4 of Section 22 lying N and W of the West right-of-way line of Interstate Highway I-65, T2S, R1W	535.061 (0.52217%)	0	0.31330
2700	The SW 1/4 of Section 27, T1S, R1W	45.903 (0.04489%)	0	0.02688
2800	The S 1/2 of Section 28, T1S, R1W	138.663 (0.13532%)	0	0.08119
3300	All of Section 33, T1S, R1W	1,327.449 (1.29547%)	4,667 (6.12114%)	3.22574
3400	All of Section 34, T1S, R1W	4,516.794 (4.40799%)	2,454 (3.21861%)	3.93224
3500	All of Section 35, T1S, R1W	6,857.083 (6.69190%)	7,587 (9.95095%)	7.99552
4800	All of Section 28, T2S, R1W	3,890.142 (3.79643%)	6,367 (8.35082%)	5.61819
Totals:		102,468.337 (100.0%)	76,244 (100.0%)	100.00000