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MCW
9-23-94

MR

EXHIBITS

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Exhibit 2 (D. Higginbotham)	Structural cross section A-A', Frisco City Field	51	51
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Exhibit 1 (Robert Wood)	Area map, Monroe County	58	58
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EXHIBITS
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<u>TITLE</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Exhibit 4 (Robert Wood)	Survey plat, Sec. 16, T5N, R7E, Monroe County	58	58
Exhibit 5 (Item 15)	Affidavit of notice of William T. Watson	52	52
Exhibit 6 (Item 15)	7/21/94 letter from Board to William T. Watson	52	52
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Exhibit 1 (Charles Morrison)	Well location plat, Sec. 18, T3N, R7E, Robinson Creek Field	69	69
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Exhibit 3 (Charles Morrison)	Seismic line 151 Sec. 18, T3N, R7E, Escambia Co.	69	69

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(Cont'd)

<u>TITLE</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Exhibit 4 (Item 18)	Revised affidavit of notice of William T. Watson	64	64
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Exhibit 1 (Charles Morrison)	Well location plat, ATIC 2-2 No. 1 Well, Sec. 2, T3N, R8E, Escambia Co.	75	75
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EXHIBITS
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<u>TITLE</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Exhibit 3 (Item 25)	7/22/94 letter from Board to Charley Grimsley	78	78
Exhibit 4 (Item 25)	7/29/94 letter to Board from James H. Griggs	78	78
Exhibit 5 (Item 25)	Affidavit of notice of William T. Watson	77	77
Exhibit A (Item 26)	Affidavit of David L. Durkee	80	80
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Exhibit 5 (Item 26)	Figure of blowout prevention equipment SL 350 (Tract 95) Well #5	80	80
Exhibit 6 (Item 26)	Blowout preventor data, SL 350 (Tract 95) Well #5	80	80
Exhibit 7 (Item 26)	7/22/94 letter from Board from Charley Grimsley	80	80
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STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

August 3, 1994

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 3rd day of August, 1994.

BEFORE:

Mr. Marvin Rogers. Attorney

BOARD STAFF

Dr. Ernest A. Mancini Secretary and Supervisor

Mr. Gary Wilson. Assistant Supervisor

Mr. Jay Masingill. Assistant Supervisor

Mr. Richard Hamilton Petroleum Engineer

Mr. Frank Hinkle Geologist

Mr. Doug Hall Geologist

Ms. Jan Tolson Geologist

(Reported by Rickey Estes)

APPEARANCES

NAME	REPRESENTING
1. Tom Watson Tuscaloosa, AL	-----
2. Charles Morrison Jackson, MS	Pruet Oil Co.
3. Mark Henderson Jackson, MS	Pruet Oil Co.
4. Hazel Coleman New Orleans, LA	Texaco - Four Star
5. Bob Wood Tuscaloosa, AL	The Offshore Group, EDC
6. David Higginbotham Tuscaloosa, AL	Cobra Oil & Gas Corp.
7. R. Fritz New Orleans, LA	Mobil
8. Fred Pontesso New Orleans, LA	Mobil

PROCEEDINGS

(The hearing was convened at 10:00 a.m. on Wednesday,
August 3, 1994, at Tuscaloosa, Alabama)

MR. ROGERS: This hearing is in session. Dr. Mancini, have the items today been properly noticed?

DR. MANCINI: The items to be heard today have been properly noticed. An agenda of today's meeting has been transmitted to the recording secretary.

"AGENDA

STATE OIL AND GAS BOARD MEETING

August 3 & 5, 1994

"The meeting will begin at 10:00 a.m. on Wednesday, August 3, 1994, in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, and at 9:00 a.m. on Friday, August 5, 1994, at the Fayette County Courthouse, Fayette, Alabama, to consider the following petitions:

1. DOCKET NO. 11-9-9320

Continued petition by COBRA OIL AND GAS 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 allowing Petitioner and other interested working interest owners to inject water into the aquifer associated with the Frisco City Field, Monroe County, Alabama, in order to maintain the reservoir pressure or repressurize the reservoir energy of said reservoir in order to prevent waste, prevent the inefficient use or dissipation of reservoir energy in accordance with the provisions of Section 9-17-11, Code of Alabama. (1975), and Rule 400-1-5-.04 of the State Oil and Gas Board of Alabama Administrative Code.

2. DOCKET NO. 12-15-934

Continued petition by MITCHELL ENERGY CORPORATION, a Delaware corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order force pooling, with a risk compensation penalty, all tracts and interests in oil, gas, and other hydrocarbons produced from strata of the Miocene age from a well to be drilled on a unit consisting of

approximately 160 acres in Fractional Sections 31, 37, and 38 of Township 8 South, Range 4 East, Baldwin County, Alabama, described as:

Commencing at the Southwest corner of Township 8 South, Range 4 East, Baldwin County, Alabama; run thence North 00 degrees 03'58" East along range line for 3,954.83 feet; thence North 89 degrees 47'46" East for 2,651.63 feet to a point, being the point of the beginning of the unit herein described; run thence North 00 degrees 03'58" East for 2,640.0 feet; then North 89 degrees 47'46" East for 2,686.4 feet, more or less, to a point; run thence South 00 degrees 02'08" West 2,640.0 feet; run thence South 89 degrees 47'46" West 2,687.8 feet, more or less, to the point of beginning.

as a wildcat well. This petition is in accordance with Section 9-17-13, Code of Alabama (1975), as amended, and Rule 400-1-13-.01 of the State Oil and Gas Board of Alabama Administrative Code.

3. DOCKET NO. 4-13-9411

Continued petition by COBRA OIL & GAS 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 7 of the Special Field Rules for the Northwest Smiths Church Field, Escambia County, Alabama, in order to establish permanent allowables for wells completed in said field.

4. DOCKET NO. 5-18-945

Continued petition by SMART-McCAULEY OPERATING CO., INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to rescind Board Order No. 93-109, dated May 21, 1993, and Board Order No. 94-18, dated March 11, 1994, in which the Board ordered the following wildcat wells in Tuscaloosa County, Alabama, to be immediately plugged and abandoned:

<u>PERMIT NO.</u>	<u>WELL NAME</u>	<u>LOCATION</u>
7334-C	Taylor 11-11 #1	Section 11, T18S, R11W
7335-C	Nuckols 11-15 #1	Section 11, T18S, R11W
7336-C	Donour 11-7 #1	Section 11, T18S, R11W
7410-C	C. Kelley 14-7 #1	Section 14, T18S, R11W

Petitioner is presently the Operator of the above-described wells.

5. DOCKET NO. 6-22-944

Continued petition by TORCH OPERATING COMPANY, a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an Order reforming the unit for the Maxwell Crossing B11 3-1 No. 618 Well, Permit No. 8335-C, from a 40-acre unit consisting of the Northeast Quarter of the Northeast Quarter of Section 3, Township 22 South, Range 11 West, Tuscaloosa County, Alabama, to an 80-acre unit consisting of the North Half of the Northeast Quarter of said Section 3, in the Robinson's Bend Coal Degasification Field.

6. DOCKET NO. 6-22-949

Continued petition by EXXON CORPORATION, a New Jersey corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order reforming the unit for the John William Long et al 22-2 #1 Well, Permit No. 10487-B, from a 160-acre unit consisting of the Northeast Quarter of Section 22, Township

1 North, Range 8 East, Escambia County, Alabama, in the Fanny Church Field, to a 640-acre wildcat gas unit consisting of all of Section 22, Township 1 North, Range 8 East, Escambia County, Alabama.

This petition is filed as a companion to petition bearing Docket No. 6-22-9410 for exceptional location.

7. DOCKET NO. 6-22-9410

Continued petition by EXXON CORPORATION, a New Jersey corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 400-1-2-.02(4) of the State Oil and Gas Board of Alabama Administrative Code, by approving an exceptional location. Petitioner has drilled the John William Long et al 22-2 #1 Well, Permit No. 10487-B at a surface location 1,903 feet FNL and 2175 feet FEL, with a bottom hole location being 1,280 feet FNL and 1,902 feet FEL, of Section 22, Township 1 North, Range 8 East, Escambia County, AL. Rule 400-1-2-.02(4) of the State Oil and Gas Board of Alabama Administrative Code requires that all wildcat gas wells drilled on a unit consisting of a governmental section be located at least 1,320 feet from

every exterior boundary of the drilling unit, but
Petitioner's location is only 1,280 feet from the North line
of the proposed 640-acre unit, consisting of all of said
Section 22.

8. DOCKET NO. 8-3-941

Petition by MITCHELL ENERGY CORPORATION, a Delaware
corporation, authorized to do and doing business in the
State of Alabama, requesting the State Oil and Gas Board of
Alabama to enter an order force pooling, with a risk
compensation penalty, all tracts and interests in oil, gas
and other hydrocarbons produced from strata of the Norphlet,
Smackover, and Haynesville Formations, and the Cotton Valley
Group, from a well to be drilled on a unit consisting of
approximately 160 acres in Section 19, Township 11 North,
Range 2 West, Choctaw County, Alabama, described as:

Southeast Quarter (SE 1/4) of Section 19, Township
11 North, Range 2 West, Choctaw County, Alabama,
being 160 acres, more or less

as a wildcat well. This Petition is in accordance with
Section 9-17-13, Code of Alabama (1975), as amended, and

Rule 400-1-13-.01 of the State Oil and Gas Board of Alabama
Administrative Code.

9. DOCKET NO. 8-3-942

Petition by THE OFFSHORE GROUP, INC., a foreign corporation authorized to do and doing business in the State of Alabama ("Petitioner"), requesting the State Oil & Gas Board of Alabama ("Board") to enter an Order (a) force pooling (without a risk compensation fee) all tracts and interests in the hereinafter described property as a wildcat drilling and production unit for a well to be drilled to a measured depth of approximately 4,859 feet and a true vertical depth of approximately 3,500 feet (b) requiring all owners of tracts and interests in said unit to develop their tracts and interests as a unit, and (c) appointing Petitioner as the operator of said unit. The property covered by this petition and which Petitioner is requesting the Board to force pool as a drilling and production unit is all that property which would be included within the Southwest Quarter of Section 9, Township 8 South, Range 2 West, Mobile County, Alabama, if said section were a regular, full governmental section, and said property includes lands in fractional Section 9, Township 8 South, Range 2 West and in

Offshore Tract No. 47, Mississippi Sound Area, Mobile County, Alabama, and can be further described as:

Commencing at the Southeast corner of said fractional Section 9, lying south and east of West Fowl River, and run west along the South line of said fractional section 2,640 feet, more or less, to a point which is midway between the east line of said fractional section and a southerly projection of the east line of Section 8, Township 8 South, Range 2 West, and the point of beginning, thence West along the South line of said Section 9 and a projection thereof 2,640 feet, more or less, to a point on the southerly projection of the east line of said Section 8, thence North along said southerly projection 2,640 feet, more or less, to a point which is midway between the north line of Section 8 and a westerly projection of the south line of said Section 9, thence easterly along a line parallel to the south line of said Section 9 and a projection thereof 2,640

feet, more or less, to a point which is midway between the east line of said Section 8 and the east line of said Section 9, thence south along a line parallel to the east line of said Section 9 and a projection thereof 2,640 feet, more or less, to the point of beginning, containing 160 acres more or less.

This petition is filed pursuant to Section 9-17-1, et seq. Code of Alabama, (1975), as amended, and Rules 400-1-1-.01, et seq., of the State Oil and Gas Board of Alabama Administrative Code. This unit was previously force pooled by the Board in Order 93-119 issued on June 25, 1993, and Order 94-7 issued on January 28, 1994. In Order 93-120 issued on June 25, 1993, the Board classified the proposed well as an onshore well with certain stipulations.

10. DOCKET NO. 8-3-943

Petition by GREAT WESTERN ONSHORE, INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order allowing the continued flaring of gas from the GW-Edge-Gilmore 29-9 No. 1 Well, Permit No.

10127, located in the Southeast Quarter of Section 29, Township 4 North, Range 8 East, Conecuh County, Alabama, in the Southwest Range Field for so long as the volume of gas produced from said field is less than 150 Mcf per day.

11. DOCKET NO. 8-3-944

Petition by TORCH OPERATING COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an Order extending for six (6) months the temporarily abandoned status for the following coalbed methane gas wells located in Robinson's Bend Coal Degasification Field, Tuscaloosa County, Alabama:

PERMIT

<u>NO.</u>	<u>WELL NAME</u>	<u>LOCATION</u>
7779-C	Weyerhaeuser 7-3-117	Sec. 7, T21S, R12W
7780-C	Weyerhaeuser 7-6-118	Sec. 7, T21S, R12W
8026-C	Weyerhaeuser 20-3-147	Sec. 20, T21S, R12W
8241-C	Weyerhaeuser 20-7-148	Sec. 20, T21S, R12W
7782-C	Weyerhaeuser 7-8-155	Sec. 7, T21S, R12W
7985-C	Weyerhaeuser 8-5-157	Sec. 8, T21S, R12W
7967-C	Weyerhaeuser 8-6-158	Sec. 8, T21S, R12W

8138-C	Weyerhaeuser 8-12-159	Sec. 8, T21S, R12W
8180-C	Holman Lbr. Co.	
	20-11-174	Sec. 20, T21S, R12W
8139-C	Weyerhaeuser 20-10-175	Sec. 20, T21S, R12W
8341-C	Weyerhaeuser 20-15-178	Sec. 20, T21S, R12W
8342-C	Weyerhaeuser 20-1-179	Sec. 20, T21S, R12W
8205-C	Holman 8-16-180	Sec. 8, T21S, R12W
8343-C	Henderson 8-8-181	Sec. 8, T21S, R12W
8362-C	Weyerhaeuser 18-9-182	Sec. 18, T21S, R12W
8344-C	Weyerhaeuser 20-5-183	Sec. 20, T21S, R12W
8400-C	Weyerhaeuser 18-10-185	Sec. 18, T21S, R12W
8455-C	Weyerhaeuser 18-15-186	Sec. 18, T21S, R12W
8635-C	Weyerhaeuser 8-11-301	Sec. 8, T21S, R12W

The temporarily abandoned status previously granted will expire on August 5, 1994. Torch Operating Company requests a six (6) month extension of that status because the wells have future utility in its coalbed methane gas operations in Robinson's Bend Field and should not be plugged.

12. DOCKET NO. 8-3-945

Petition by PALMER PETROLEUM INCORPORATED, a foreign corporation authorized to do and doing business in the State

of Alabama, requesting the State Oil and Gas Board to enter an order approving an exceptional location for a well to be drilled on a 160-acre drilling unit consisting of the Southeast Quarter of Section 5, Township 6 North, Range 8 East, Monroe County, Alabama. The location for the proposed Bruno Brothers 5-10 No. 2 Well on said 160-acre unit will be 2,100 feet FEL and 2,310 feet FSL of said Section 5, being 330 feet more or less FNL and 540 feet more or less FWL of said Southeast Quarter of said Section 5, and as such is an exception to Rule 400-1-2-.02(2) of the State Oil and Gas Board of Alabama Administrative Code which requires that such a well be 660 feet from any exterior boundary of the unit.

13. DOCKET NO. 8-3-946

Petition by COBRA OIL & GAS 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 Huxford Field, by adding the Northwest Quarter of Section 21, Township 3 North, Range 6 East, Escambia County, Alabama, to the field limits of said field.

14. DOCKET NO. 8-3-947

Petition by COBRA OIL & GAS 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 Southeast Frisco City Field, by adding the South Half of Section 6, and the Northeast Quarter of Section 7, all in Township 5 North, Range 7 East, Monroe County, Alabama, to the field limits of said field. Petitioner has completed the Thames 6-11 #1 Well, Permit No. 10547, as a producing well at a surface location 1,613 feet FSL and 1,391 feet FWL of said Section 6, and said well is located on a structure common to the previously defined Southeast Frisco City Field and, therefore, should be included in said field. In producing said well, it will be necessary to flare relatively small volumes of gas produced from said well until pipeline facilities are available and connected in order for Petitioner to sell marketable gas, and Petitioner seeks permission from the Board to temporarily flare said gas.

15. DOCKET NO. 8-3-948

Petition by ENERGY DEVELOPMENT CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 400-1-2-.02(1) of the State Oil and Gas Board of Alabama Administrative Code to form a split 40-acre unit consisting of the East Half of the Northeast Quarter of the Northwest Quarter and the West Half of the Northwest Quarter of the Northeast Quarter, all in Section 16, Township 5 North, Range 7 East, Monroe County, Alabama. Said Rule requires all wells drilled as 40-acre wildcats to be on a governmental quarter-quarter section containing approximately 40 acres. Petitioner proposes to drill the Nall 16-3 No. 1 Well at a surface location 230 feet FNL and 1,916 feet FWL of Section 16, Township 5 North, Range 7 East, Monroe County, Alabama, with a proposed bottom hole location approximately 2,600 feet FWL and no closer than 330 feet FNL of said Section 16.

16. DOCKET NO. 8-3-949

Petition by THE OFFSHORE GROUP, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order

approving an exceptional location for the Stallworth 12-4 No. 1 Well, to be drilled at a surface location 400 feet FNL and 1,050 feet FWL of the Northwest Quarter of Section 12, Township 3 North, Range 4 East, Monroe County, Alabama, in the Little River Field, with a bottom hole location no closer than 330 feet FNL of said Northwest Quarter of Section 12 on a 160-acre unit consisting of the Northwest Quarter of said Section 12. Rule 3 of the Special Field Rules for the Little River Field specifies that all wells drilled in said field are to be located at least 660 feet from every exterior boundary of the unit, and the proposed location would be an exception to Rule 3. The proposed 160-acre unit is in Monroe and Baldwin Counties, Alabama.

17. DOCKET NO. 8-3-9410

Petition by SPOONER PETROLEUM COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving an exceptional location for the proposed Crosby 13-1 #12 Well, to be drilled at a location 250 feet FEL and 100 feet FNL of Section 13, Township 1 North, Range 8 East, Escambia County, Alabama, in the Pollard Field, on a 40-acre

unit consisting of the Northeast Quarter of the Northeast Quarter of said Section 13. Rule 3(b) of the Special Field Rules for the Pollard Field specifies that all wells drilled in said field are to be located at least 330 feet from any exterior boundary of the unit, and the proposed location would be an exception to Rule 3(b).

18. DOCKET NO. 8-3-9411

Petition by PRUET PRODUCTION CO., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 3(a) of the Special Field Rules for the Robinson Creek Field for a 160-acre unit consisting of the South Half of the Southeast Quarter of Section 7, and the North Half of the Northeast Quarter of Section 18, all in Township 3 North, Range 7 East, Escambia County, Alabama, in the Robinson Creek Field. Said rule requires all wells to be drilled on a governmental quarter section containing approximately 160 acres.

This petition is filed as a companion to petition bearing Docket No. 8-3-9412, for force pooling said unit.

19. DOCKET NO. 8-3-9412

Petition by PRUET PRODUCTION CO., a foreign corporation authorized to do and doing business in the State of Alabama, to force pool, without the imposition of a risk compensation fee, all tracts and interests in a 160-acre unit consisting of the South Half of the Southeast Quarter of Section 7, and the North Half of the Northeast Quarter of Section 18, all in Township 3 North, Range 7 East, Escambia County, Alabama, in the Robinson Creek Field, pursuant to Section 9-17-13, Code of Alabama (1975), and Rule 400-1-13-.01 of the State Oil and Gas Board of Alabama Administrative Code.

This petition is filed as a companion to petition bearing Docket No. 8-3-9411, for exceptional unit.

20. DOCKET NO. 8-3-9413

Petition by PRUET PRODUCTION CO., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 400-1-2-.02(2) of the State Oil and Gas Board of Alabama Administrative Code for a 160-acre unit consisting of the Southeast Quarter of the Southwest Quarter and the Southwest Quarter of the Southeast

Quarter, all in Section 35, Township 4 North, Range 8 East, Conecuh County, Alabama, and the Northeast Quarter of the Northwest Quarter and the Northwest Quarter of the Northeast Quarter, all in Section 2, Township 3 North, Range 8 East, Escambia County, Alabama. Said rule requires all wells to be drilled on a governmental quarter section containing approximately 160 acres.

This petition is filed as a companion to petition bearing Docket No. 8-3-9414, for force pooling said unit.

21. DOCKET NO. 8-3-9414

Petition by PRUET PRODUCTION CO., a foreign corporation authorized to do and doing business in the State of Alabama, to force pool, without the imposition of a risk compensation fee, all tracts and interests in a 160-acre unit consisting of the Southeast Quarter of the Southwest Quarter and the Southwest Quarter of the Southeast Quarter, all in Section 35, Township 4 North, Range 8 East, Conecuh County, Alabama, and the Northeast Quarter of the Northwest Quarter and the Northwest Quarter of the Northeast Quarter, all in Section 2, Township 3 North, Range 8 East, Escambia County, Alabama, pursuant to Section 9-17-13, Code of Alabama (1975), and

Rule 400-1-13-.01 of the State Oil and Gas Board of Alabama
Administrative Code.

This petition is filed as a companion to petition bearing
Docket No. 8-3-9413, for exceptional unit.

22. DOCKET NO. 8-3-9415

Petition by FOUR STAR OIL & GAS COMPANY, a foreign
corporation authorized to do and doing business in the State
of Alabama, requesting the State Oil and Gas Board of
Alabama to enter an order extending the temporary abandoned
(TA) status for six (6) months for the following described
gas-condensate wells in the Hatter's Pond Field Unit, Mobile
County, Alabama:

<u>Permit No.</u>	<u>Well Name</u>	<u>Status</u>	<u>Location</u>
2629	H.P.U. 4-10 #2	TA	Sec.4,T2S,R1W
3451B	H.P.U. 33-16 #1	TA	Sec.33,T1S,R1W

The previous temporarily abandoned status for these wells
will expire in August, 1994, and Petitioner is requesting
this Board to grant a six (6) month extension because the
wells listed above are being evaluated for future utility
and should not be plugged.

23. DOCKET NO. 8-3-9416

Petition by FOUR STAR OIL & GAS COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order approving an exception to Rule 400-1-5-.04(4)(d) of the State Oil and Gas Board of Alabama Administrative Code, said Rule pertaining to Class II injection wells. Petitioner applied for and received Permit No. 2735-GI-93-1, to convert its Hatter's Pond Unit 34-10 #1 Well, located in Section 34, Township 1 South, Range 1 West, Mobile County, Alabama, in the Hatter's Pond Unit, to a gas injection well, said permit having been approved on November 24, 1993. Due to operational difficulties, Petitioner has not yet been able to complete the permitted conversion and seeks an exception to said Rule 400-1-5-.04(4)(d) in order to prevent the expiration of said permit, thereby allowing Petitioner to complete its work converting said well to a gas injection well within the next six (6) months.

24. DOCKET NO. 8-3-9417

Petition by EXXON CORPORATION, a New Jersey corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order

amending the allocation and metering of production from Exxon's offshore wells located in the Bon Secour Bay Unit, Bon Secour Bay Field - Lower Mobile Bay Area, Baldwin and Mobile Counties, Alabama; the Northwest Gulf Unit, Northwest Gulf Field-Mobile Area, Mobile County, Alabama; and the North Central Gulf (Norphlet) Field Unit and the Tract 114 (Norphlet) Unit in the North Central Gulf Field-Mobile Area, Mobile and Baldwin Counties, Alabama, as previously approved in Order No. 93-148 dated August 6, 1993, in order to revise the approved commingling procedures to allow for engineering estimated adjustments to certain meters. These changes are needed to adjust plant flare volumes in order to avoid possible erroneous reporting of quantities of flare gas.

Petitioner also proposes to eliminate several electrical meters since alternative measures have been developed, since plant start-up, to replace these meters.

25. DOCKET NO. 8-3-9418

Petition by EXXON CORPORATION, a New Jersey corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving metering changes for production from the Tract 114

(Norphlet) Unit in the North Central Gulf Field, Baldwin and Mobile Counties, Alabama, subsequent to a working interest owner's election to take its gas production in-kind.

26. DOCKET NO. 8-3-9419

Petition by MOBIL OIL EXPLORATION & PRODUCING SOUTHEAST INC. ("Mobil"), a foreign corporation authorized to do and doing business in the State of Alabama, whose address is 1250 Poydras Building, New Orleans, LA 70113 and telephone number is 504/566-5200, requesting the State Oil and Gas Board of Alabama to enter an Order approving certain exceptions to Rule 400-3-3-.04 of the State Oil and Gas Board of Alabama Administrative Code, in connection with the drilling of the Alabama State Lease 350 (Tract 95) #5 well, Permit No. 10557-OS-59-B, located in the Lower Mobile Bay-Mary Ann Field (Norphlet) Unit, Baldwin and Mobile Counties, Alabama. The exceptions Mobil seeks relate to the frequency of testing the blowout preventers and related and auxiliary well control equipment (hereafter BOP equipment) prior to entering the Smackover Formation . Mobil asks for two exceptions: (1) to perform the pressure tests on BOP equipment at fourteen (14) day intervals rather than seven (7) day intervals, and (2) to omit the pressure test for the

annular preventer and the pipe rams after each string of casing is cemented and prior to drilling out, unless the fourteen (14) day pressure test is due. Mobil seeks no exceptions from Rule 400-3-3-.04 for drilling the Smackover and Norphlet formations in this well.

27. DOCKET NO. 4-13-9415

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting operator Smart McCauley Operating Co., Inc., to show cause why the wells identified hereinbelow, located in the Wolf Creek Coal Degasification Field, Tuscaloosa County, Alabama should not be ordered immediately plugged.

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
6770-C	Cobb 25-10 #1	Sec. 25, T18S, R11W
6771-C	Cobb 25-8 #2	Sec. 25, T18S, R11W
6772-C	Long 25-16 #3	Sec. 25, T18S, R11W
6773-C	Long 25-14 #4	Sec. 25, T18S, R11W
6774-C	West 25-6 #5	Sec. 25, T18S, R11W

In the event the Board orders the 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.

28. DOCKET NO. 5-18-9425

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to delete from its rules and regulations Rule 400-2-X-.01 through 400-2-X-.09 of the State Oil and Gas Board of Alabama Administrative Code relating to the Natural Gas Policy Act of 1978 (NGPA) Well Status Determination Rules and Procedures.

29. DOCKET NO. 5-18-9426

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting operator Duer Wagner & Company to show cause why the wells identified hereinbelow located in Baldwin County, Alabama, should not be ordered immediately plugged.

PERMIT

<u>NUMBER</u>	<u>WELL NAME</u>	<u>FIELD</u>	<u>LOCATION</u>
4704	Swift et al	North Swifts	S39,T8S,R3E
	Unit 39 #1	Landing	

4758	T.W. Walters	North Coopers	S13, T8S, R3E
	et al Unit	Landing	
	13-10 #1		
5371	Danne 2-16 #1	Green Branch	S2, T7S, R2E

In the event the Board orders the 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.

30. DOCKET NO. 8-3-9420

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA relating to the pressure test requirements of Rule 400-1-5-.04(2)(d) of the State Oil and Gas Board of Alabama Administrative Code, for Class II salt water disposal wells, to allow for a variance to the Rule for the A.W. Moye #5 SWD well (Permit No. 400-SWD-94-2), located in the Pollard Field, Escambia County, Alabama.

31. DOCKET NO. 8-3-9421

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to extend the temporary test period for one year for the following well operated by Braxton Craig:

<u>PERMIT NO.</u>	<u>WELL NAME</u>	<u>LOCATION</u>	<u>COUNTY</u>
2661	Roy Craig #1	Sec. 14, T6S, R9W	Lawrence

"Members of the public are invited to attend this meeting and to present to the Board their position concerning these matters. If special accommodations are needed to facilitate attendance or participation in the meeting, please call 205/349-2852, ext. 205.

"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 next meeting of the Board will be held at 10:00 a.m. on Wednesday, September 21, 1994, in the Board Room of the State Oil and Gas Board Building, Tuscaloosa, Alabama, and at 9:00 a.m. on Friday, September 23, 1994, at the Mobile City Hall, Mobile, Alabama. The notices for the September meeting should be filed on or before Monday, August 29, 1994. Petitions, exhibits, affidavits, and proposed orders must be filed on or before Wednesday, September 7, 1994. 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.

"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. The Order will be made a part of the record at this time.

(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 agenda 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 9:00 a.m. on Friday, August 5, 1994, at the Fayette County Courthouse in Fayette, Alabama. I will recommend that the following items be continued: Item 3, Docket No. 4-13-9411, petition by Cobra Oil and Gas Corporation; Item 5, Docket No. 6-22-944, petition by Torch Operating Company; Item 9, Docket No. 8-3-942, petition by The Offshore Group, Inc. With respect to Item 10, Docket No. 8-3-943, a petition by Great Western Onshore, Inc., I will recommend that this petition be granted with the stipulation that the well be allowed to flare small volumes of gas until the next regularly scheduled meeting of the Board -- continued, I'm sorry. I will repeat that. I will recommend the petition be continued with the stipulation that the well be allowed to flare small

volumes of gas until the next regularly scheduled meeting of the Board. I will recommend that the next two items be continued: Item 13, Docket No. 8-3-946A, petition by Cobra Oil and Gas Corporation; and with respect to Item 28, Docket No. 5-18-9425, a motion by the Board relating to NGPA items, I will recommend that this motion be continued for six months. I will recommend that the following items be dismissed without prejudice: Item 1, Docket No. 11-9-9320, petition by Cobra Oil and Gas Corporation; Item 2, Docket No. 12-15-934, petition by Mitchell Energy Corporation; Item 6, Docket No. 6-22-949, petition by Exxon Corporation; Item 7, Docket No. 6-22-9410, petition by Exxon Corporation; Item 19, Docket No. 8-3-9412, petition by Pruet Production Company; Item 21, Docket No. 8-3-9414, petition by Pruet Production Company; Item 24, Docket 8-3-9417, petition by Exxon Corporation; and Item 29, Docket No. 5-18-9426, a motion by the Board relating to Duer Wagner and Company. The following items are due to be heard by the Board at the hearing on Friday: Item 4, Docket No. 5-18-945, petition by Smart-McCauley Operating Company; Item 8, Docket No. 8-3-941, petition by Mitchell Energy Corporation; Item 11, Docket No. 8-3-944, petition by Torch Operating Company; Item 17, Docket No. 8-3-9410, petition by Spooner Petroleum Company; Item 27, Docket No. 4-13-9415, a motion by the Board requesting operator Smart-McCauley Operating

Company to show cause why certain wells in Tuscaloosa County should not be ordered plugged; Item 13, Docket No. 8-3-9420 -- Item 30, Docket No. 8-3-9420, a motion by the Board relating to pressure test requirements of Rule 400-1-5-.04 of the Administrative Code to allow a variance for the A.W. Moye #5 salt water disposal well in Escambia County; and Item 31, Docket No. 8-3-9421, motion by the Board to extend the temporary test allowable for the Roy Craig No. 1 Well located in Lawrence County. Any corrections to those recommendations or comments? (No response) Dr. Mancini will call the first item.

DR. MANCINI: Item 12, Docket No. 8-3-945, petition by Palmer Petroleum, Inc.

MR. WATSON: Mr. Rogers, I ask that you admit into the record the prefiled affidavit of notice in this matter.

MR. ROGERS: The affidavit is admitted.

(Whereupon, the affidavit
was received in evidence)

MR. WATSON: I have handed up to you an affidavit of testimony in support of this item requesting approval of an exceptional location for Palmer's proposed Bruno Brothers 5-10 No. 1 Well. It's a copy of an affidavit. Yesterday we amended this matter. I'm going to ask that you receive this into evidence and leave the record open for the receipt of the

original affidavit as amended and the original plat as amended. This item was advertised at a location, more or less, within a seven foot tolerance. We have amended this by moving the stake seven feet necessitating amending the affidavit of testimony as well as the plat. With that, I would ask that you make a recommendation to the Board based on the affidavit of testimony with the supporting exhibits.

MR. ROGERS: We will, I guess, leave the record open for the original affidavit and exhibits to be admitted. When do you expect that to be in, Mr. Watson?

MR. WATSON: Today.

MR. ROGERS: All right. Then we will review the evidence and make a recommendation to the Board.

(Whereupon, the affidavit and exhibits
were received in evidence)

MR. WATSON: Thank you.

DR. MANCINI: Item 14, Docket No. 8-3-947, petition by Cobra Oil and Gas Corporation.

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

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

MR. HIGGINBOTHAM: David Higginbotham, Tuscaloosa, Alabama.

(Witness was sworn by Mr. Rogers)

MR. WATSON: Mr. Rogers, this item requesting an amendment to the field rules for the Southeast Frisco City Field comes on publication notice. I have filed this morning a revised affidavit of confidentiality and I'd like to make an offer here and get a ruling on the affidavit of confidentiality. Prior to today I had filed an affidavit of confidentiality for cores, cuttings, etc. from the Thames 6-11 No. 1 Well, which is the subject well of this field expansion. I have added to that affidavit of confidentiality 3-D seismic data that we intend to share with the Board -- I mean with the staff today in support of this petition to amend the field rules. The affidavit of confidentiality, the original copy of which is in your record, is signed by Mr. Higginbotham. I would ask that you act on that at the outset, please.

MR. ROGERS: The affidavit is admitted into the record. The items discussed in the affidavit will be unavailable for public disclosure and are ruled to be proprietary and confidential.

(Whereupon, the affidavit was
received in evidence)

MR. WATSON: Thank you. In this petition to amend the Special Field Rules for the Southeast Frisco City Field we're proposing to add the South Half of Section 6, the Northeast Quarter of Section 7, all in Township 5 North, Range 7 East,

Monroe County, Alabama, to the field limits. Mr. Higginbotham, you've testified before this Board and have on file an affidavit of your qualifications as a petroleum geologist. Is that correct?

MR. HIGGINBOTHAM: That's correct.

MR. WATSON: You're familiar with the petition that I have just described here today?

MR. HIGGINBOTHAM: Yes, I am.

MR. WATSON: And you've prepared exhibits in support of the petition?

MR. HIGGINBOTHAM: Yes, I have.

DAVID HIGGINBOTHAM

Appearing as a witness on behalf of Petitioner, Cobra Oil & Gas Corporation, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Watson:

- Q. Would you please look in your booklet of exhibits at your first exhibit which is a structure map? I'd ask that you describe the information shown on that structure map, please, sir.
- A. If y'all [sic] will, open up Exhibit 1, please. Exhibit 1 is a structure contour map on top of the Frisco City Sand in Monroe County, Alabama, in the vicinity of the Southeast

Frisco City Field. The contour interval is 100 feet and the scale is 1-inch equals 1,000 feet. Illustrated in light pink are the current field limits for the Southeast Frisco City Field which goes around the Cobra No. 2 Nicholas well over in the Northwest Quarter of Section 8. Outlined in blue are the proposed limits to the extension that is proposed to Southeast Frisco City Field which extend in the South Half of Section 6 and the Northeast Quarter of Section 7. Illustrated in orange is an area which is interpreted in which there is no Frisco City Sand present in which the Paleozoic basement is interpreted to rise up above the depositional limit of the Frisco City Sand. The Frisco City Sand is unconformably absent in the area illustrated in orange. There is a well that is drilled in that area, the Cobra Thames 6-12 well, which encountered Paleozoic basement rock at a subsea depth of 11,689 which provides documentation from a subsurface standpoint that there is no Frisco City Sand there. Additionally, the 3-D seismic grid that Cobra has worked in the area shows this area to be devoid of Frisco City Sand deposition. Outlined in green is the interpreted area of the estimated oil-water contact down at Southeast Frisco City Field. The well in question, which we're here for today, is the Cobra Thames 6-11 well. It's

shown on the map as having had a surface location in the Southwest Quarter of Section 6. This well drifted. This well was drilled initially as a directional hole in the direction of the Thames 6-12 well in which no Frisco City Sand was encountered and the basement was found. The surface location was then re-entered after logging of the Thames 6-12 and a decision was made to drill -- redrill the well as a straight hole and let the wellbore drift naturally. As with many wells -- most wells in this area, the natural wellbore drift was to the northeast and the bottom hole location for the Cobra Thames 6-11 well is illustrated on the map. The top of the Frisco City Sand is indicated on the map occurring at a subsea depth of 11,858. Also on this map is a line of cross section A-A' which extends on the west side from the Cobra Brents Lee 12-7 well, which is presently the highest producing well in the Frisco City Field. This cross section then goes due north through the Cobra Brents-Lee 12-2 dry hole and continues north through the Zinn Dees 1-15 dry hole. The cross section turns to the east where it goes through the Thames 6-12 well and ties in the Cobra Thames 6-11 well and then extends in a southeast direction and ties in the Cobra Nicholas 8-5 well. Logs -- neutron density logs for all

these appropriate wells in a structural cross section are illustrated on a further exhibit. This line of cross section simply demonstrates that line of wells.

Q. Is it your opinion from a geological standpoint that as depicted, at least on this map, that we're looking at two separate structures, that is a structure common to the Thames and the Nicholas wells and a separate structure for the Brents Lee well and other wells in the Frisco City Field?

A. That's correct. It appears that there are separate structures.

Q. All right, sir. Let's look at Exhibit 1B which is some PVT data on the three Cobra wells.

A. Exhibit 1B is PVT reservoir data done by Anson Analytical Laboratories out of Lafayette, Louisiana. Included in Exhibit 1B is the cover sheet for the PVT analysis on the Cobra Brents Lee 12-7 well which is presently in the Frisco City Field and the PVT reservoir analysis for the Cobra Nicholas 8-5 No. 2 Well, designated as the discovery well for the Southeast Frisco City Field. Additionally, a PVT analysis which just came in a few days ago, July 28, 1994, is an analysis on the Cobra Thames 6-11 well.

Q. All right, sir. Let's go to your Exhibit 1C.

A. Exhibit 1C is a reservoir engineering summation of the hydrocarbon characteristics for the three Cobra wells indicated on the map. At Frisco City Field the Cobra Brents Lee 12-7 No. 1 Well had an oil gravity of 57 degrees at 60 degrees Fahrenheit. It had a bottom hole pressure that was measured September 7, 1993, of 4276 pounds. The interpreted bubble point from the PVT analysis at that time was 1895. At Southeast Frisco City Field the Nicholas 8-5 No. 1 Well had an oil gravity of 58.4 degrees at 60 degrees Fahrenheit. The bottom hole pressure on the Nicholas 8-5 No. 1 Well was measured two days after the Brents Lee 12-7 No. 1 Well and it showed a bottom hole pressure of 4750 pounds psi. The bottom hole pressures on these two wells measured two days apart indicate that nearly 450 to 500 pounds of difference in bottom hole pressure exists between those two wells at that point-in-time in September. On the far right column is the Cobra Thames 6-11 No. 1 Well which we recently completed. It had an oil gravity of 59.6 degrees at 60 degrees Fahrenheit. It had a bottom hole pressure that was measured June 20, 1994, of 4213 psi. The interrupted bubble point from the PVT analysis was 2160 pounds.

MR. WATSON: Mr. Rogers, we will agree and stipulate that the full PVT reports as well as the bottom hole pressure report for the Thames well will be submitted in due course.

Q. Let's look now at your cross section which is Exhibit 2, Mr. Higginbotham.

A. If y'all [sic] will, fold out Exhibit 2.

Q. This is the line of cross section A-A' which you have just described. Our purpose in showing not only the structure map but now this cross section is to show the separation of these two reservoirs. Is that accomplished on this cross section, Mr. Higginbotham?

A. I believe so.

Q. All right. Describe what you have there, please, sir.

A. This Exhibit No. 2 is a structural cross section A-A', the line of which is indicated on the structure map that I testified to previously in Exhibit No. 1. This cross section goes essentially from the west to the east. All the wells which go through this section are marked on Exhibit No. 1. I want to point out first of all at the very center of the cross section is the Cobra Thames 6-12 No. 1 Well. As this cross section illustrates, no Frisco City Sand was found in this well. The Paleozoic basement rose up above the depositional limit of the Frisco City Sand. The Frisco

City Sand on this cross section is highlighted in yellow. To the east of the Cobra Thames 6-12 No. 1 Well is the Cobra Thames 6-11 well which was completed in the Frisco City Sand and tested June 23, 1994, at a rate of 363 barrels of oil per day, 414 Mcf gas per day with no water. The GOR on the Thames 6-11 well was 1140 to 1 and this was measured on a 14/64-inch choke. The hydrocarbon characteristics for oil recovered from the Frisco City Sand reservoir in the Thames 6-11 well are indicated below the well. The gravity again was 59.6 degrees. The bottom hole pressure measured initially on June 20 was 4,213 psi with a bubble point interpreted as 2,160 psi. Similar reservoir information is included on the Cobra Nicholas 8-5 No. 2 Well. Mr. Watson is going to pass out a detailed month by month production description on the Cobra Nicholas 8-5 No. 2 Well which was the well initially designated as the discovery well for Southeast Frisco City Field.

MR. WATSON: Mr. Rogers, if you would, mark that Exhibit 2A.

MR. ROGERS: It will be so marked.

Q. O.K. Go ahead.

A. Looking on the left side of the cross section or moving to the west of the Cobra Thames 6-11 to the Cobra Thames 6-12 No. 1 Well there are three wells illustrated on the left

side of the cross section. The first one is the Zinn Dees 1-15 well which shows that the Frisco City Sand was encountered in that well. This well was drilled and abandoned as a dry hole. There has been no oil there. Moving to the west and to the south primarily, pretty much due south of the Zinn Dees 1-15 well, is the Cobra Brents Lee 12-2 well. The Cobra 12-2 Brents Lee had oil on top of water in the Frisco City Sand based on logs and cores. A dipmeter run on this well showed approximately five to eight degrees north dip. A decision was made to sidetrack the Brents Lee 12-2 well in a southerly direction and the Brents Lee was sidetracked to a position with the Cobra Brents Lee 12-7 well which is illustrated on the far left side of the cross section. It was tested on September 22, 1992, at a rate of 508 barrels of oil per day, 444 Mcf gas per day. Listed below the Brents Lee well is the most recent monthly production history which was in March of 1994. The Cobra Brents Lee well made 7,106 barrels of oil and 12,831 Mcf of gas. Through this time the Cobra Brents Lee 12-7 well has made a cumulative total of 150,378 barrels of oil and 231,806 Mcf of gas. Hydrocarbon characteristics for the Cobra Brents Lee well are indicated below that as far as the gravity, the bottom hole pressure, and the interpreted

bubble point. To summarize this cross section, what this basically illustrates is we believe that the geologic picture suggests that the Cobra Thames 6-11 well is on a separate structural feature from the Cobra Brents Lee 12-7 well which is presently defined in Frisco City Field. The Cobra Thames 6-11 No. 1 Well more nearly correlates geologically with the Cobra Nicholas 8-5 No. 2 Well along strike of the structure toward the southeast as is indicated on the seismic -- on the geologic structure map in Exhibit No. 1.

Q. Now let's pass out to the staff, Mr. Higginbotham, these 3-D seismic interpretations that I've mentioned that we're asking to be held confidential.

MR. WATSON: Mr. Rogers, we're going to ask that this 3-D seismic cross section be marked as Exhibit 3C for identification purposes. If you will pass those down we'll pick those up at the end of this testimony. If you'll pass these next two down we'll mark these as Exhibit 3C, Pages 2 and 3. We'll just call this 3-D seismic three page exhibit, Exhibit 3C.

Q. Go ahead, Mr. Higginbotham. Tell them which page of Exhibit 3C to look at first and proceed with your testimony on this.

A. Okay. If you will first, look at this page right here in which three composite seismic sections are shown. These are

three arbitrary lines from the 3-D survey that were selected to illustrate the geologic and geophysical characteristics of the structure of the Frisco City Field -- in the Southeast Frisco City Field and basically compares and contrasts them. If you'll look at these two other colored maps, one of them is a structure contour map done in time on top of the Frisco City Sand map. The other colored map is a structure contour map done on the base of the Frisco City Sand map, also done in time. The first map done on top of the Frisco City Sand ---

Q. And it's so labeled on the top of that exhibit, Top of Frisco City Sand.

A. --- more nearly approximates the geologic structure map as previously testified to in Exhibit No. 1. Let's look at that and compare it when we look at these seismic sections. At the very top of the seismic section line we're looking at an arbitrary seismic line that goes in a north-south direction. Labeled at the top of the line is the 12-7 Cobra Brents Lee well and it's marked in red as the 12-7. To the right of that is the Cobra Brents Lee 12-2 well. On over to the right is the Zinn Dees 1-15 well. At the site of the seismic section the various horizons are marked in color and labeled appropriately as to what we believe they correspond

to geologically. The red line, and it's labeled on the left side, is what we believe is the top of the Haynesville Formation. The green line down below is what we believe is the top of the Frisco City Sand. The blue line is what we believe is the top of the Smackover equivalent and the yellow line indicates our interpretation of where the top of the Paleozoic basement is. If you'll look at the three wells in the very center of the seismic section where the Cobra Brents Lee 12-7 well is drilled you can see that the green line drops abruptly in time off to the right which is in a north direction. This line goes directly through the 12-7 well which is the presently producing Cobra Brents Lee which has made 150,000 barrels of oil. As you can see moving to the north going through the Cobra Brents Lee 12-2 well, it appears that in time the seismic reflector is low at the level of the Haynesville, Frisco City Sand, and at the Paleozoic basement and provides further control farther to the north. On the very right side of the cross section - right side of the seismic section is the subsurface information and the documentation for the Zinn Dees 1-15 well at approximately 179. As you can see here from a time level it appears that the Frisco City Sand or the green line does indeed appear to be lower in time than the Cobra Brents

Lee 12-2 and 12-7. This seismic section is designed to provide documentation for the subsurface control shown in the structure map on top of the Frisco City Sand in Exhibit No. 1. If you will, look now at the second seismic section which is shown here. This is the line that is the most critical as far as determining the structural position of the Frisco City oil accumulation in the Brents Lee 12-7 well and the Cobra Thames 6-11 No. 1 Well. If you'll look over on the left side, you'll see this is an arbitrary line A-A' which goes essentially from the southeast -- southwest to the northeast. You can see where it goes to the Cobra Brents Lee 12-7 producing well over on the left side of the cross section. As you can see there, again the Haynesville is marked in red, the top of the Frisco City Sand is marked in green ---

- Q. Mr. Higginbotham, if I can interrupt you, I think you've oriented the staff on the lines and what they represent. If you can just come to the conclusion as to what's shown on this line of 3-D and what it proves or disproves as far as your structure is concerned, I think they're oriented now.
- A. To summarize this second seismic section it appears that the Frisco City Sand in the Cobra 12-7 Brents Lee well appears to be on a structural feature that is separate and separated

by a saddle or a big low area from the Cobra Thames 6-11 well on the far right side of the cross section. On all the marker horizons it appears that there are two separate structures represented here and a very well defined structural low between the two wells. Again, this provides documentation for the subsurface structure map testified to previously in Exhibit No. 1. If you'll look now down at the third seismic section it goes essentially in a west to east direction from the Zinn Dees 1-15 well, the Cobra Thames 6-12 well, and the Cobra Thames 6-11 well. Referring back to the cross section, we know that the Frisco City Sand was unconformably absent in the Cobra 6-12 No. 1 Well as is shown on the seismic section. It can be seen that the Frisco City Sand reflector does not go up above that. Consequently it was not present when that position was drilled. On the west -- east flank of the Cobra 6-12 well, the Cobra Thames 6-11 was completed and as you can see from the colored reflectors at the top of the Frisco City Sand, Smackover, and Paleozoic basement, all these different reflectors appear to truncate in a westerly direction at the position of the Cobra Thames 6-12 well. This provides further documentation that the accumulation defined by the Cobra Thames 6-11 No. 1 Well appears to be separate from the

accumulation in Frisco City which, if you refer back to seismic section No. 1 where the Zinn Dees 1-15 well is shown at the far right side of the cross section, the Zinn Dees 1-15 is also shown on the lowermost cross section on the far left side of the seismic section. These two lines tie in together and demonstrate that two separate structures are identified, one for the Cobra Brents Lee well and one for the Cobra Thames 6-11 well.

Q. Mr. Higginbotham, if I understand your testimony and I think I do, all of this seismic information shows a structural low between the Thames 6-12 and the Brents Lee. Is that correct?

A. That's correct.

Q. You've shown that on your geological maps using well control and you've verified that with the 3-D seismic, correct?

A. That's correct.

Q. If I ask you to make the Frisco City Field -- if I ask you to enlarge the Frisco City Field to include the Thames well, from a geological standpoint you could not support that, could you?

A. From a geological standpoint the subsurface control and the geophysical control strongly suggest that the Thames 6-11

well is not part of the same structure as the Frisco City Field.

Q. So the answer is a qualified no, right?

A. That's correct.

Q. Let's look at your next exhibit, please, sir, which is the exhibit which shows your well location map, simply the plat of the Thames well. Is that correct?

A. That's correct. Exhibit No. 3 is a location showing the plat of the Thames 6-11 well.

Q. And it's at a regular legal location, is it not?

A. That is correct.

Q. Look at your next exhibit, your OGB-9 on the Thames 6-11. Is that the first production test report on that well?

A. That's correct. Exhibit No. 4 is the OGB-9 form for the Thames 6-11 well. The OGB-9 form indicates the perforated intervals within the Frisco City Sand, the initial production, and the dates of the initial production. As indicated on the OGB-9 the Thames well tested at a rate of 367.2 barrels of oil per day, 455 Mcf of gas per day with a GOR of 1239. This was tested on a 14/64-inch choke. The tubing pressure was 1238 pounds.

Q. All right, sir. I think that's enough. They can refer to that for the rest of the information. One point I would

like to make on that OGB-9 as it refers to your cross section on the Thames well, the perforations are shown on the OGB-9 but they're not shown on your line of cross section, are they?

A. That's correct.

Q. So for accuracy and completeness the perfs are on the OGB-9 and can be -- the cross section can be viewed with that in mind. Correct?

A. That's correct.

MR. WATSON: Mr. Rogers, I'd ask that you receive into evidence Exhibits 1 through 4 to the testimony of Mr. Higginbotham.

MR. ROGERS: The exhibits are admitted.

(Whereupon, the exhibits were
received in evidence)

Q. Mr. Higginbotham, will the granting of this petition expanding the Southeast Frisco City Field limits to include the South Half of Section 6 and the Northeast Quarter of Section 7, in your opinion, prevent waste and protect coequal and correlative rights?

A. Yes, it will.

Q. Would it also promote orderly development of the Southeast Frisco City Field?

A. Yes, it will.

MR. WATSON: I tender the witness to the staff for any questions you have.

MR. ROGERS: The staff has no questions. Just for the record, Exhibit 3 with the Pages 1, 2 and 3 was admitted into the record and ruled to be confidential and proprietary. We will place that exhibit in our files in a manner that is unavailable for public disclosure. We have these other ones to return to you, Mr. Watson, these other copies of that exhibit. Anything else, Mr. Watson?

MR. WATSON: That's all.

MR. ROGERS: We will review the evidence and make a recommendation to the Board. Thank you.

DR. MANCINI: Item 15, Docket No. 8-3-948, petition by Energy Development Corporation.

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

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

MR. WOOD: Robert Wood, Tuscaloosa, Alabama

(Witness was sworn by Mr. Rogers)

MR. WATSON: Mr. Rogers, I'd ask that you admit into the record the prefiled affidavit of notice in this matter along with

your letter to me directing notice as prescribed by the Supervisor in this matter.

MR. ROGERS: The affidavit of notice and the letter dated July 21, 1994, are admitted.

(Whereupon, the affidavit and letter were received in evidence)

MR. WATSON: We're requesting in this petition on behalf of Energy Development Corporation, Mr. Rogers, approval of an exceptional location for a well to be drilled in Monroe County, Alabama. I might state at the outset that what you will hear today in the testimony from Mr. Wood on this matter is that it is Energy Development Corporation's intent to -- if the Board sees fit to approve this exceptional location -- drill this well on a unit and to do some additional work in this area before any further drilling takes place. This is an exceptional unit that we're asking for, a 160-acre exceptional -- I'm sorry, a 40-acre exceptional unit that we're asking for as will be shown in these exhibits. What we normally see in these matters are once the exceptional 40-acre unit is approved and the well is drilled, we would come back and form a production unit of 160-acres, if this well supports that. This company's design is to drill the well,

get the information and then run a 3-D seismic program in the area before any further development takes place.

ROBERT WOOD

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

DIRECT EXAMINATION

Questions by Mr. Watson:

Q. Mr. Wood, have you prepared exhibits in support of the petition?

A. I have.

Q. Will you turn in your booklet of exhibits, please, to Exhibit No. 1 and tell Mr. Rogers and the staff what's shown there?

A. Yes. If you would turn to Exhibit No. 1 which is an area map showing Monroe County in Alabama -- south Alabama. It also shows the producing fields as established by this Board in Monroe County. The South Excel prospect where the proposed Nall 16-3 No. 1 Well will be drilled is shown highlighted in red. This prospect will be a wildcat well approximately two miles southeast of the South Frisco City Field. If you will, turn now to Exhibit No. 2. This is a copy of a USGS topographic map showing the proposed

location. In the center of this exhibit is Section 16, Township 5 North, Range 7 East in Monroe County, Alabama. This map shows the surface topography which has been contoured on a 10-foot contour interval. Areas that are wooded are shaded in yellow or green. This map is a combination of two different quadrangles. The colors are varied through the map and also you can see that some of the section numbers are repeated. The purpose of submitting this map is to demonstrate the reason that Energy Development Corporation proposes to drill the Nall well as a directional hole due to the surface topography. The southern portion of Monroe County is underlain by the Citronelle Formation. There are numerous surface depression areas where surface water would not drain laterally away from the site. This particular drill site which will be demonstrated to be an optimum location for drilling the structure is in the center of one of the surface depression areas. Contour interval 410 closes and there is no surface drainage away from the bottom hole location. The engineers have located an appropriate location and that is shown as the proposed surface location for this well. The staff or the Board made Energy Development Corporation aware of the drilling hazard as encountered by Spooner Petroleum in an

area just to the north and west of this location. We appreciate the information -- a copy of the daily drilling report has been made available to Energy Development Corporation. Energy Development Corporation will have a drilling superintendent or corporate official on location 24-hours a day for the installation of the conductor pipe and to help be aware of any drilling hazards. If you will, turn now to Exhibit No. 3. Exhibit No. 3 is a structure map -- a seismic structure map of the lower Haynesville seismic marker. The datum for contouring this map is the various geophysical lines that are shown on this exhibit. This exhibit is contoured and the structure is depicted on a 10 millisecond contour interval. There is no existing subsurface well control for this proposed location. The proposed location is shown highlighted in red. It is shot point 200 on Line EX-91 which is the north-south trending line and is at the crest and the optimum geologic position to test this structure. It is felt that it is imperative to locate the bottom hole location at this point. The statewide rules for 40-acre drilling units require that a drilling unit be established at a regular governmental quarter quarter section. If a quarter quarter section were established for this proposed location, an extreme

exceptional location would be required in that the bottom hole location would be only 40 feet west of the east boundary of that unit. Therefore, it was felt that the prudent thing to do would be to proposed an irregular 40-acre unit, one that would consist of the West Half of the Northwest Quarter of the Northeast Quarter of Section 16 and also the East Half of the Northeast Quarter of the Northwest Quarter of Section 16. By doing this, the well will be located approximately 450 feet from the North line and 620 feet from the West line of the proposed 40-acre drilling unit. Also in the petition, I believe, it stipulated that the bottom hole location will be no closer than 330 feet from any exterior boundary, in particular the north line.

Q. All right, sir.

A. Once this well is down, hopefully, it will be a discovery well. As Mr. Watson said, Energy Development Corporation plans to perform a 3-D survey across this structure and come back to the Board with the recommended spacing and proposed development orientation for units.

Q. All right, sir. Your final Exhibit 4 is simply the plat that describes the unit that you've just discussed?

A. That's correct. It shows a surface location approximately 230 feet from the north section line and 1916 feet from the

west section line. The bottom hole location is shown as being 450 feet from the North line for the Nall 16-3 Well. This is all in Section 16, Township 5 North, Range 7 East.

MR. WATSON: Receive into evidence, Mr. Rogers, Exhibits 1 through 4 to the testimony of Mr. Wood.

MR. ROGERS: The exhibits are admitted.

(Whereupon, the exhibits were
received in evidence)

Q. Mr. Wood, would the granting of this petition approving this exceptional unit prevent waste and protect coequal and correlative rights?

A. It will.

Q. And more importantly or just as importantly, would it promote orderly development of this area by Energy Development Corporation?

A. It will.

MR. WATSON: I tender my witness to the staff for any questions you have on his testimony.

EXAMINATION BY STAFF

Questions by Mr. Masingill:

Q. Mr. Wood, I know it's just a typo but on Exhibit 1, the South Frisco City Field, I believe it's Southeast.

A. Okay. Thank you.

Q. Just to clarify it for the record.

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

MR. ROGERS: The staff will review the evidence and make a recommendation to the Board. Thank you.

DR. MANCINI: Item 16, Docket No. 8-3-949, petition by The Offshore Group.

MR. WATSON: Mr. Rogers, if you would, please, receive into the record of this hearing the prefiled affidavit of notice in this matter.

MR. ROGERS: The affidavit is admitted.

(Whereupon, the affidavit was
received in evidence)

MR. WATSON: For the record I will have the same witness, Bob Wood.

MR. ROGERS: We will remind him that he remains under oath.

MR. WATSON: All right, sir. In this request on behalf of The Offshore Group, Mr. Rogers, we're proposing to drill the Stallworth 12-4 No. 1 Well at an optimum geological and topographical location in Monroe County, Alabama.

ROBERT WOOD

Appearing as a witness on behalf of Petitioner, The Offshore Group, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Watson:

Q. Mr. Wood, have you prepared exhibits in support of this petition?

A. I have.

Q. Turn to Exhibit No. 1 and tell the staff what's shown on that exhibit, please, sir.

A. Exhibit No. 1 is an area map of Monroe County showing the established fields in south Monroe County. I would like to correct -- South Frisco City Field is indicated and should be properly indicated as Southeast Frisco City Field. The proposed exceptional location would be in the Little River Field shown highlighted in yellow in the bottom portion of this exhibit. Little River Field is in both Monroe and Baldwin Counties. If you will, turn now to Exhibit No. 2 and unfold the structure map. This exhibit is a structure map based on top of the Smackover Formation. This is a seismic structure map. The contour interval is five milliseconds. The datum for contouring this map is both subsurface information and geophysical information. Datum for the top of the Smackover for each of the six wells that have been drilled on the structure to date are shown posted by each of the wells and also the seismic time to the top of

the Smackover event is also shown. Other geophysical data for contouring this map are the various seismic lines which are shown distributed across this exhibit. There have been two producing wells that have been drilled in the Little River Field to date. The Gulf Robinson 11-8 well, which was the discovery well for this field, produced approximately 110,000 barrels of oil between 1981 and September of 1991. Also Pacific Enterprises drilled and completed the Stallworth 12-3 well on the higher portion of this structure. It produced 17,000 barrels and was also plugged in 1991. The Offshore Group is proposing to drill a second well in the former Stallworth 12-3 unit at an exceptional location located 400 feet from the North line and 1,050 from the West line. This is the exceptional location and is shown highlighted in red. This location would be an exceptional location for the field rules for the Little River Field. Little River Field is developed on 160-acre spacing and the Special Field Rules call for no well to be located closer than 660 feet to any exterior unit boundary. This location, however, is the optimum location to drill and produce additional hydrocarbons from this unit. This well will be located updip of the Stallworth 12-3 well but in a difficult position as it is just north of the Little River

Field in the low topographic and flood areas just to the south of this location. Also, a well cannot be drilled further or higher up on the structure to the south because of a permeability pinch out which is shown by the wiggly trace across the unit trending from the northeast to the southwest. This proposed exceptional location is the optimum geological location for drilling a well in this unit. It is also required because of topographic concerns with the Little River Field and the porosity and permeability pinch out to the southeast.

Q. Certainly, there is a great deal of well control as well as the seismic that you've testified to for justifying this exceptional location, is it not?

A. That is correct. There are six wells that have been drilled in this field area and two producing wells.

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

A. Exhibit No. 3 is a copy of the engineering survey plat for the proposed Stallworth 12-4 No. 1 Well. It's prepared by Engineering Service, Inc. out of Mobile. It shows the proposed location at 400 feet from the North unit line and 1,050 feet from the West unit line.

MR. WATSON: Mr. Rogers, if you would, please, receive Exhibits 1 through 3 to the testimony of Mr. Wood into evidence.

MR. ROGERS: The exhibits are admitted.

(Whereupon, the exhibits were
received in evidence)

Q. If the Board sees fit, will the granting of this petition approving the exceptional location prevent waste and protect coequal and correlative rights, Mr. Wood?

A. Yes, it will.

Q. And avoid the necessity of drilling yet additional unnecessary wells?

A. It will.

MR. WATSON: I tender the witness to the staff for any questions you have.

MR. ROGERS: The staff has no questions. Does your client want to make that correction, Mr. Watson, on the original of the name of that field or do you just want to leave it in the record as you stated.

MR. WATSON: I think leaving it in the record as we stated will be fine. He'll be glad to do that if you want to hand them over to him.

MR. WOOD: I'll be glad to correct both of those.

MR. ROGERS: All right. That will be corrected on the original by Mr. Wood. Also Mr. Wood is going to correct that error that he mentioned on the prior item. The staff will review the evidence and make a recommendation to the Board.

DR. MANCINI: Item 18, Docket No. 8-3-9411, petition by Pruet Production Company.

MR. WATSON: I have one witness to testify and ask that he stand and state his name and address and be sworn, please, sir.

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

MR. MORRISON: Charles Morrison, Jackson, Mississippi.

(Witness was sworn by Mr. Rogers)

MR. WATSON: I would ask, Mr. Rogers, that you receive into the record of this hearing a revised affidavit of notice as well as your letter to me of July 21, 1994.

MR. ROGERS: Those two items are admitted into the record.

(Whereupon, the revised affidavit
and letter were received in
evidence)

MR. WATSON: In this and the following item, the ownership, I might note as reflected in this revised affidavit of notice, is all common with the A.T.I.C. group.

CHARLES MORRISON

Appearing as a witness on behalf of Petitioner, Pruet Production Company, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Watson:

Q. Mr. Morrison, you are familiar with the request here today before this Board to propose an exceptional unit -- that is a split 160-acre unit for the proposed A.T.I.C. 18-2 No. 1 Well on a 160-acre unit consisting of the South Half of the Southeast Quarter of Section 7, and the North Half of the Northeast Quarter of Section 18, 3 North, 7 East, Escambia County?

A. Yes, sir. I am.

Q. In the Robinson Creek Field?

A. Yes, sir.

Q. Have you prepared exhibits in support of this matter?

A. Yes, I have.

Q. Look at the package of exhibits. Exhibit No. 1, as I appreciate it, is a plat by Engineering Services showing the location of the proposed well. Is that correct?

A. Yes, that's correct.

- Q. And that plat shows that the A.T.I.C. 18-2 No. 1 Well as staked would be 170 feet from the North line of the Northeast Quarter of Section 18?
- A. That's correct, sir.
- Q. That would be an extreme exceptional location for Robinson Creek, would it not?
- A. It would, yes.
- Q. For that reason and others, we're proposing this split unit?
- A. Yes, that's correct.
- Q. All right. For the geological justification of this unit, if you would, please, look at your Exhibit No. 2. I ask that you tell us what this exhibit is and describe the information shown there, please, sir.
- A. Exhibit No. 2 is a seismic structure map generated from a 3-D seismic survey which Pruet acquired across this area. The map is constructed on the top of the Smackover marker within the area. Outlined on the structure map in green is the proposed unit. To the southeast of the proposed unit in the northwest quarter of Section 17 is the existing Cobra unit for the 17-5 No. 2 Well. The proposed location is indicated utilizing a green dot on the structure map. I have also taken the liberty of pulling one seismic line from this 3-D seismic grid and this line is -- the position of

the line is indicated by a yellow dashed line and is labeled Seismic Line 151 which will be Exhibit 3. This map is contoured on a 5 millisecond contour interval that would be equivalent to approximately 40 feet of structural relief for each contour closure.

- Q. All right, sir. It shows the structural high at the point on that seismic line where you have the green dot in the proposed A.T.I.C. 18-2 well?
- A. Yes, it does. The proposed location for this well is at the geological apex of the structure and we feel it's very important that we be allowed to place the well in this position.
- Q. Also shown on this exhibit are the field limits for the Robinson Creek Field. Is that correct?
- A. Yes, I'm sorry, that is. I neglected to point that out. That is in the dashed black line.
- Q. All right, sir. Let's go to that Seismic Line 151 which is your Exhibit 3. Describe what is shown on that exhibit, please, sir.
- A. Exhibit 3 is a north-south trending line of seismic profile through -- directly through the proposed location which is located at -- shot point 175 is noted across the top of this seismic data. The position of the basement Paleozoics,

which would be the deepest marker on this seismic section, is indicated as such. The position of the Smackover above that and the top of the Haynesville -- or seismic Haynesville formation is also indicated on this line of seismic profile. This data indicates or shows the small size of the structure overall and I feel points out the need for being able to position the A.T.I.C. 18-2 on the apex.

Q. And that apex is 170 feet south of the north line of the northeast quarter. Let me ask you this, Mr. Morrison. In being able to pick with this 3-D seismic resolution as you've shown here, 40 foot contours, I believe your testimony was that this was a relatively small structure and something that you would not see under conventional 2-D seismic.

A. It would be very, very easy to miss something of this magnitude on conventional 2-D data because of your typical line spacing. In an area you would have to be extremely fortunate to position your 2-D line in a manner to catch this structure.

Q. But if this structure drills up as you have shown it here then the unit that we're proposing, that is the split unit consisting of the South Half of the Southeast and the North

Half of the Northeast, would almost locate this well in the center of that unit. Is that correct?

A. That is correct. This structural closure would be located ideally in the center of the unit.

Q. Is it not true that if we drill this on a northeast quarter unit in Section 18 with an exceptional location of 170 feet, as we've stated before, that would be extreme. Would it also possibly put the obligation on your client to have to drill an offset well in the Southeast Quarter of Section 7?

A. Yes, it would.

Q. Would that well be necessary?

A. No, sir. On the basis of the information gathered from the 3-D seismic survey, that would be a waste.

Q. An unnecessary well in waste.

MR. WATSON: Mr. Rogers, I'd ask that you admit Exhibits 1 through 3 to the testimony of Mr. Morrison into the record.

MR. ROGERS: The exhibits are admitted.

(Whereupon, the exhibits were
received in evidence)

Q. So it's your testimony then by approving this exceptional unit that we would prevent waste and protect coequal and correlative rights and avoid the drilling of unnecessary wells?

A. Yes, sir. That is correct.

MR. WATSON: I tender Mr. Morrison to the staff for any questions on this item.

MR. ROGERS: The staff has no questions. We will review the evidence and make a recommendation to the Board. Thank you.

DR. MANCINI: Item 20, Docket No. 8-3-9413, petition by Pruet Production Company.

MR. WATSON: Let the record reflect that the same witness, Charlie Morrison, will be testifying in this matter, Mr. Rogers.

MR. ROGERS: I remind him that he remains under oath.

MR. WATSON: Receive into the record of this hearing the revised affidavit of notice as well as your letter of July 21, 1994, to me concerning this matter.

MR. ROGERS: Those items are admitted into the record.

(Whereupon, the revised affidavit
and letter were received in
evidence)

Mr. Watson: I'll point out for the record that the ownership in the area in question is common to the A.T.I.C. group as evidenced by the affidavit of notice directed by the Supervisor to cover an area larger than that normally covered by the rules. I might also point out for the record that Mr. Morrison may or may not be aware of this but the A.T.I.C. group

owns acreage in an area approximately two miles around this. Do you know that to be a fact, Mr. Morrison?

MR. MORRISON: Yes, that's true.

MR. WATSON: Not only in the area of notice but in the area within a two mile area here they own or control the acreage. In this matter we're requesting the Board to approve an exceptional unit, a 160-acre unit, that is in Conecuh and Escambia Counties for the drilling of the A.T.I.C. 2-2 No. 1 Well on a 160-acre unit. For the record I'll describe that unit consisting of the Southeast Quarter of the Southwest Quarter and the Southwest Quarter of the Southeast Quarter, all in Section 35, Township 4 North, Range 8 East, Conecuh County and the Northeast Quarter of the Northwest Quarter and the Northwest Quarter of the Northeast Quarter, all in Section 2, Township 3 North, Range 8 East, Escambia County, Alabama. You have prepared exhibits in support of this request, have you not, Mr. Morrison?

MR. MORRISON: Yes, sir. I have.

CHARLES MORRISON

Appearing as a witness on behalf of Petitioner, Pruet Production Company, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Watson:

- Q. If you would, please, look at Exhibit No. 1. This is an Engineering Services plat of the proposed A.T.I.C. 2-2 No. 1 Well. Correct?
- A. Yes, sir.
- Q. Tell us what else is shown on this map as far as the location?
- A. In addition to the surface location also shown is the proposed bottom hole location for the A.T.I.C. 2-2 No. 1. There is also indicated by the red line the 160-acre drilling unit as proposed which is split into Section 2 and Section 35 as described by you.
- Q. So this well is going to be directionally drilled from the surface location in a north-northeasterly direction approximately, according to the plat, 526 feet. Correct?
- A. Yes, sir, 526.9 feet.
- Q. Let's look at your Exhibit No. 2, please, sir.
- A. Exhibit No. 2 is the seismic structure map constructed on top of the Smackover Formation from a 3-D seismic survey which Pruet has conducted in the area. The proposed unit is indicated by the red square in the center of the map. The proposed surface location is highlighted in green as well as

the proposed bottom hole location by the green circle. This map is contoured on a five millisecond contour interval again which would be equivalent to approximately 40 feet of geological relief on the Smackover Formation. I have also generated or pulled from the 3-D seismic survey one line of seismic data oriented in a northeast-southwest direction directly through the proposed bottom hole location. This is our Exhibit No. 3. This can be seen like the previous structure which we looked at. This is a fairly small geological structure. It's tight in nature and something that would be easily missed on conventional 2-D data but something that we've been able to delineate with the 3-D program.

- Q. Describe this structure, if you will, for me, Mr. Morrison.
- A. This structure's geological setting is basically a small satellite feature positioned on the southeast or east flank of a large or very prominently southwest plunging nose as you can see by the structural contours as you move back to the northeast up into Section 35. What we have seen from the 3-D data is that in that position there is a rather large limb of what I suspect to be an extension of the buried Appalachians, basically just plunging to the

southeast, a very strong seismic feature. This is an isolated structural closure off on the flank of that.

Q. I've stated for the record and the affidavit of notice indicates the ownership in here as being common to the A.T.I.C. group. Tell me about the Southeast Quarter of the Southeast Quarter of Section 35 and the Northeast Quarter of the Northeast Quarter of Section 2 and why this unit does not include those even though it's common ownership.

A. As you can see by examination of the seismic information, both of the described quarter-quarter's are structurally low. Looking at the overall closure on the structure, all of the lands within that described area fall outside the structural closure or potential spill point, if you would, of the structure in which we're drilling. It would, in my opinion, not be in the reservoir. The 2.535 closure as seen on this structure is the spill point. None of that extends over into those quarter-quarters.

Q. Go ahead and refer to your Exhibit 3 if you would, please, sir.

A. As I had stated, Exhibit 3 is a seismic line which I have pulled from the 3-D grid. The northeast would be on the right, southwest to the left. The proposed bottom hole location is noted at approximately shot point 170 on this

line of profile. The top of the Haynesville seismic marker, the Smackover, and the Paleozoic seismic reflectors are indicated or labeled on the sides of this seismic section. This line of profile simply points out the steep nature and the small size of the structure in which we're planning on drilling.

Q. Now I didn't cover it in Exhibit 1 but this is a directional hole. Is it your understanding that there are topographical hazards at the -- that would be directly over the proposed bottom hole location and that it's more economical for the engineers to build the location and directionally drill the well?

A. Yes, sir, that's my understanding.

MR. WATSON: Mr. Rogers, would you receive Exhibits 1 through 3 to the testimony of Mr. Morrison into the record?

MR. ROGERS: The exhibits are admitted.

(Whereupon, the exhibits were
received in evidence)

Q. Is it your testimony, Mr. Morrison, that by approving this exceptional unit that waste will be prevented and coequal and correlative rights protected and the drilling of unnecessary wells avoided?

A. Yes, sir.

MR. WATSON: I tender the witness.

MR. ROGERS: The staff has no questions. We will review the evidence and make a recommendation to the Board. Thank you.

MR. WATSON: Thank you.

DR. MANCINI: Item 22, Docket No. 8-3-9415, petition by Four Star Oil and Gas Company.

MR. WATSON: This is a request by Four Star, Mr. Rogers, for the extension of temporary abandonment status for the Hatter's Pond Unit 4-10 No. 2 Well and the Hatter's Pond Unit 33-16 No. 1 Well. I have prefiled an affidavit of testimony by Joseph F. Smith. I would ask that you review the evidence of testimony in that affidavit of testimony and make a recommendation to the Board extending the temporary abandonment status of these two wells.

MR. ROGERS: The affidavit is admitted. We will review the evidence and make a recommendation to the Board. Thank you.

(Whereupon, the affidavit was
received in evidence)

DR. MANCINI: Item 23, Docket No. 8-3-9416, petition by Four Star Oil and Gas Company.

MR. WATSON: This is a request on behalf of Four Star to enter an order approving an extension of a Class II permit that was previously approved by this Board to convert the abandoned

Hatter's Pond Unit 34-10 No. 1 Well to a gas injection well for the gas cycling program that has been previously approved by this Board for the Hatter's Pond Unit. I have filed -- prefiled an affidavit of testimony of Warren Greenwalt, who is qualified to testify before this Board, stating the reasons that the Class II permit needs to be extended. I would ask that you review the information contained in that affidavit of testimony and make a recommendation to the Board extending this Class II permit for an additional six month period.

MR. ROGERS: The affidavit of Mr. Greenwalt is admitted. We will review the evidence and make a recommendation to the Board.

(Whereupon, the affidavit was
received in evidence)

DR. MANCINI: Item 25, Docket No. 8-3-9418, petition by Exxon Corporation.

MR. WATSON: I would ask that you receive into the record of the hearing the prefiled affidavit of notice in this matter.

MR. ROGERS: The affidavit of notice is admitted.

(Whereupon, the affidavit was
received in evidence)

MR. WATSON: I have handed up to you an affidavit of testimony, Mr. Rogers, of Mike Rozek. This is a request by Exxon to approve certain metering changes occasioned by Hunt

Petroleum's election to take their production in-kind from the Tract 114 Unit. Attached to that affidavit are supporting documents that point out the metering changes that would be necessary to carry out this matter. This has been discussed with the staff here as well as with the Department of Conservation and Natural Resources. I'd ask that you receive the original affidavit in support of this matter by Mr. Rozek into evidence today and make a recommendation to the Board based on that testimony.

MR. ROGERS: For clarification, Mr. Watson, we have the affidavit of Mr. Rozek and a number of exhibits thereto?

MR. WATSON: Yes, sir.

MR. ROGERS: Let's see, two exhibits and then an appendix?

MR. WATSON: That's correct.

MR. ROGERS: All that information is admitted.

(Whereupon, the affidavit and
attached exhibits were received
in evidence)

MR. ROGERS: Also, our letter to Commissioner Grimsley is admitted and a letter from Mr. Griggs relating to this matter.

(Whereupon, the letters were
received in evidence)

MR. WATSON: Thank you.

MR. ROGERS: Anything else on this matter, Mr. Watson?

MR. WATSON: That's all.

MR. ROGERS: We will review the evidence and make a recommendation to the Board.

DR. MANCINI: Item 26, Docket No. 8-3-9419, petition by Mobil Oil Exploration and Producing Southeast, Inc.

MR. FRITZ: Good morning. My name is Robert Fritz. I'm an attorney for Mobil Oil Exploration and Producing Southeast, Inc. out of its New Orleans office. This matter is in connection with the drilling of an offshore Norphlet well, Alabama State Lease No. 350 (Tract 95) Well No. 5, Permit No. 10557-OS-59-B. In this matter Mobil requests certain exceptions to offshore Rule 400-3-3-.04 relevant to the testing of blowout preventer equipment prior to drilling into the Smackover Formation. Generally Mobil is requesting that it be allowed to test the blowout preventers every 14 days rather than every 7 days. Secondly, that Mobil not be required to test blowout preventers after setting casing. The specifics of the Mobil request are set out in the petition and in the testimony of the Mobil witness whose testimony is being supplied by affidavit which has been prefiled. I have also prefiled the affidavit of qualifications of our expert witness, David Durkee, requesting that he be recognized as an expert in drilling. I hereby request the

Hearing Officer to accept our affiant as a qualified expert and to accept the affidavit of testimony of our expert. Mobil has worked with the Board's staff in this matter and to the best of my knowledge, all the Board staff's concerns have been satisfied. If there are any requests I'll be happy to respond.

MR. ROGERS: The affidavit by Mr. Durkee is admitted and the Exhibits 1 through 6 are admitted. He is recognized as an expert based upon the affidavit of qualifications submitted. Also, we have a letter that we have received from James Griggs, State Lands Director for the Department of Conservation and Natural Resources. That letter is admitted as well as our letter to Mr. Grimsley, Commission of the Department of Conservation and Natural Resources. The staff has no questions. We will review the evidence and make a recommendation to the Board.

(Whereupon, the affidavit, exhibits
and letters were received in evidence)

MR. FRITZ: Thank you.

MR. WATSON: Thank you, Mr. Fritz.

MR. ROGERS: Anything else for this hearing? (No response)
The hearing is adjourned.

(Whereupon, the hearing was adjourned at 11:20 a.m.)

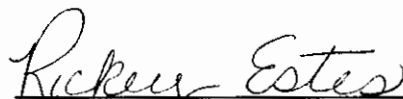
REPORTER'S CERTIFICATE

STATE OF ALABAMA ()

COUNTY OF TUSCALOOSA ()

I, Rickey Estes, Hearings Reporter in and for the State of Alabama, do hereby certify that on Wednesday, August 3, 1994, 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 80 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.



Rickey Estes
Hearings Reporter
State of Alabama