

BEFORE THE STATE OIL AND GAS BOARD OF ALABAMA

PURSUANT TO A DECISION RENDERED
DURING A REGULAR SESSION OF THE
STATE OIL AND GAS BOARD OF ALABAMA
ON JANUARY 28, 1994, THE FOLLOWING
ORDER IS HEREBY PROMULGATED:

IN RE: ORDER NO. 94- 4

DOCKET NO. 1-26-942

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

FINDINGS OF FACT

I.

The State Oil and Gas Board of Alabama in Order No. 84-382, 84-382, and 85-63 approved the Hatter's Pond Unit in the Hatter's Pond Field, Mobile County, Alabama, and promulgated Special Field Rules therefor.

II.

That in said Order No. 84-382, the Board also established an approved an allocation of the Unit Production among the separately owned Tracts in the Hatter's Pond Unit, using a 60% pore volume factor and a 40% productivity factor, the Board having found that this allocation is based on the relative contribution which each such Tract is expected to make to total Unit Production during the course of the Unit Operation, and the Tract Participation of each Tract in the Unit was calculated in accordance with such allocation formula. Subsequently, the State Oil and Gas Board of Alabama issued Order Nos. 86-294, 88-51 and 90-130 altering the Tract contribution and corresponding Tract Participation based upon subsequently discovered data.

III.

That since said Hatter's Pond Unit was established by Board Order No. 84-382, and the Tract Participations were altered by Board Order Nos. 86-294, 88-51 and 90-130, Four Star Oil and Gas Company drilled the Hatter's Pond Unit 21-7 No. 2 Well, Permit No. 10361, and the subsequently obtained data from said well shows that the relative contribution which each separately owned Tracts in the Unit is expected to make during Unit Production is erroneous because the Pore Volume assigned to some of the Tracts in the Unit is incorrect, making the percentage of Total Pore Volume allotted to all Tracts incorrect. Therefore, pursuant to Section 9-17-86 of the Code of Alabama (1975), alteration of the Tract contribution and corresponding alteration of the Tract Participation of each Tract in the Hatter's Pond Unit in the Hatter's Pond Field, Mobile County, Alabama, is required.

CONCLUSIONS OF LAW

IV.

That alteration of Tract contribution and approval of correspondingly altered Tract Participation of each Tract in the Hatter's Pond Unit in the Hatter's Pond Field, Mobile County,

Alabama, are in the interest of conservation and necessary to protect the co-equal and correlative rights of all parties in interest.

Based on the subsequently discovered data, the expected contribution of each Tract in the Unit is hereby altered by the Board, and the correspondingly altered Tract Participation of each Tract in the Hatter's Pond Unit in the Hatter's Pond Field, Mobile County, Alabama, prepared by the Unit Operator in accordance with the provisions of the Unit Agreement and Section 9-17-86, Code of Alabama (1975), as last amended, and as shown on the attached revised Exhibit "A", is hereby approved by the Board.

The altered Tract Participations shown on the attached revised Exhibit "A" shall be effective as of 7:00 a.m. on the first day of February, 1994.

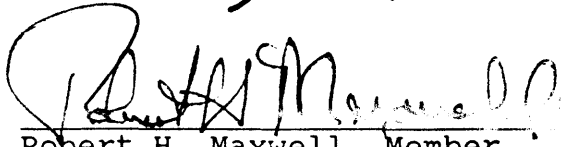
Based on the Findings of Fact set forth hereinabove, IT IS THEREFORE, HEREBY ORDERED, ADJUDGED AND DECREED by the State Oil and Gas Board of Alabama that the Petition be GRANTED. Said Petition is granted to approve the correspondingly altered Tract Participation of each Tract in the Hatter's Pond Unit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

ORDERED this 28th day of January, 1994.

STATE OIL AND GAS BOARD OF ALABAMA

BY: 
Gaines C. McCorquodale, Chairman

BY: 
Matthew S. Metcalfe, Member

BY: 
Robert H. Maxwell, Member

ATTEST:


Ernest A. Mancini, Secretary

EXHIBIT "A"
Attached to and made a part of
HATTER'S POND UNIT AGREEMENT and
HATTER'S POND UNIT OPERATING AGREEMENT
MOBILE COUNTY, ALABAMA

(Fourth Revision - Effective 2/1/94)

<u>TRACT NUMBER</u>	<u>DESCRIPTION</u>	<u>PORE VOLUME (% OF TOTAL PORE VOLUME)</u>	<u>PRODUCTIVITY (% OF TOTAL PRODUCTIVITY)</u>	<u>% TRACT PARTICIPATION (60% P.V. AND 40% PROD)</u>
200	All of Section 2, T2S, R1W	8,076.443 (7.81179%)	8,606 (11.28745%)	9.20205
300	All of Section 3, T2S, R1W	20,372.246 (19.70468%)	8,066 (10.57919%)	16.05449
400	All of Section 4, T2S, R1W	5,137.890 (4.96953%)	3,725 (4.88563%)	4.93597
800	The SE 1/4 of Section 8, T2S, R1W	31,812 (0.03077%)	0	0.01846
900	All of Section 9, T2S, R1W	4,722.243 (4.56750%)	2,548 (3.34190%)	4.07726
1000	All of Section 10, T2S, R1W	16,387.479 (15.85048%)	8,787 (11.52484%)	14.12022
1100	All that part of the NW 1/4 of NW 1/4 of Section 11 lying West of the West right-of-way line of the St. Louis-San Francisco Railroad, and all that part of the W 1/2 of the SW 1/4 of the NW 1/4 of Section 11 lying West of the West right-of- way line of the St. Louis-San Francisco Railroad, T2S, R1W	553,002 (0.53488%)	0	0.32093
1500	All of Section 15, T2S, R1W	10,997.878 (10.63749%)	8,232 (10.79691%)	10.70126
1600	All of Section 16, T2S, R1W	10,648.301 (10.29937%)	6,543 (8.58166%)	9.61229
1700	All of Section 17, T2S, R1W	580,787 (0.56176%)	1,841 (2.41462%)	1.30290
2100	All of Section 21, T2S, R1W	8,500.021 (8.22149%)	6,821 (8.94628%)	8.51141
2200	All that part of the NW 1/4 of Section 22 lying N and W of the West right-of-way line of Interstate Highway I-65, T2S, R1W	603,737 (0.58395%)	0	0.35037
2700	The SW 1/4 of Section 27, T1S, R1W	45,903 (0.04440%)	0	0.02664
2800	The S 1/2 of Section 28, T1S, R1W	138,663 (0.13412%)	0	0.08047
3300	All of Section 33, T1S, R1W	1,327.449 (1.28395%)	4,667 (6.12114%)	3.21883
3400	All of Section 34, T1S, R1W	4,516.794 (4.36878%)	2,454 (3.21861%)	3.90871
3500	All of Section 35, T1S, R1W	6,857.083 (6.63239%)	7,587 (9.95095%)	7.95981
4800	All of Section 28, T2S, R1W	3,890.142 (3.76267%)	6,367 (8.35082%)	5.59793
TOTALS:		103,387.873 (100.00000%)	76,244 (100.00000%)	100.00000%