

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 NOVEMBER 3, 1995, THE
FOLLOWING ORDER IS HEREBY PROMULGATED:

IN RE: ORDER NO. 95-243

DOCKET NO. 11-1-951A

This cause came on for hearing before the State Oil and Gas Board of Alabama on the petition of FOUR STAR OIL & GAS COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, seeking an Order of this Board 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, are expected to make during Unit Production has been shown to be erroneous by subsequently discovered data and should be altered, and further seeking approval of the correspondingly altered Tract Participation of each Tract in said Unit. The State Oil and Gas Board 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 the Board has full jurisdiction of this cause, and the Board being fully advised in the premises finds:

FINDINGS OF FACT

I.

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

II.

That said Order No. 84-382 also established and approved an allocation of the Unit Production among the separately owned Tracts in the Hatter's Pond Unit, using a 60% pore volume factor and a 40% productivity factor, the Board having found that this allocation is based on the relative contribution which each such Tract is expected to make to total Unit Production during the

course of the Unit Operation, and the Tract Participation of each Tract in the Unit was calculated in accordance with such allocation formula. Subsequently, the State Oil and Gas Board of Alabama issued its Order Nos. 86-294, 88-51, 90-130 and 94-4, 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, 90-130 and 94-4, the Hatter's Pond Unit 10-10 Well No. 1, Permit No. 10669, has been drilled, and the subsequently obtained data from said well shows that the expected relative contribution of the separately owned Tracts in the Unit is erroneous because the Pore Volume assigned to some of the Tracts in the Unit is incorrect, making the percentage of Total Pore Volume allotted to all Tracts incorrect and, as a result, alteration of the Tract contribution and corresponding alteration of the Tract Participation of each Tract in the Unit is required.

IV.

That based on such subsequently discovered data, Petitioner requests the Board to find that the relative contribution which each Tract is expected to make during Unit Production is erroneous and should be altered, and to approve the correspondingly altered Tract Participation of each Tract in the Hatter's Pond Unit, all in accordance with the provisions of the Unit Agreement and Section 9-17-86, Code of Alabama (1975), as last amended.

CONCLUSIONS OF LAW

V.

That the relief herein requested is in the interest of conservation and will protect the coequal and correlative rights of all parties in interests.

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 finding that the relative Tract contribution which each Tract is expected to make during Unit Production is erroneous and should be altered, and approving 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."

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 December, 1995.

ORDERED this 3rd day of November, 1995.

STATE OIL AND GAS BOARD OF ALABAMA

BY: 
Gaines C. McCorquodale, Chairman

BY: 
Matthew S. Metcalfe, Member

BY: 
Joe Anderson, Jr., 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

(Fifth Revision - Effective 12/1/95)

<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 (7.86041%)	8,606 (11.28745%)	9.23122
300	All of Section 3, T2S, R1W	20,372.246 (19.82733%)	8,066 (10.57919%)	16.12807
400	All of Section 4, T2S, R1W	5,137.890 (5.00046%)	3,725 (4.88563%)	4.95453
800	The SE 1/4 of Section 8, T2S, R1W	31.812 (0.03096%)	0	0.01858
900	All of Section 9, T2S, R1W	4,722.243 (4.59593%)	2,548 (3.34190%)	4.09432
1000	All of Section 10, T2S, R1W	15,752.575 (15.33122%)	8,787 (11.52484%)	13.80867
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 (0.53821%)	0	0.32293
1500	All of Section 15, T2S, R1W	10,993.243 (10.69919%)	8,232 (10.79691%)	10.73828
1600	All of Section 16, T2S, R1W	10,648.301 (10.36348%)	6,543 (8.58166%)	9.65075
1700	All of Section 17, T2S, R1W	580.787 (0.56525%)	1,841 (2.41462%)	1.30500
2100	All of Section 21, T2S, R1W	8,500.021 (8.27266%)	6,821 (8.94628%)	8.54211
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 (0.58759%)	0	0.35255
2700	The SW 1/4 of Section 27, T1S, R1W	45.903 (0.04468%)	0	0.02681
2800	The S 1/2 of Section 28, T1S, R1W	138.663 (0.13495%)	0	0.08097
3300	All of Section 33, T1S, R1W	1,327.449 (1.29194%)	4,667 (6.12114%)	3.22362
3400	All of Section 34, T1S, R1W	4,516.794 (4.39598%)	2,454 (3.21861%)	3.92503
3500	All of Section 35, T1S, R1W	6,857.083 (6.67367%)	7,587 (9.95095%)	7.98458
4800	All of Section 28, T2S, R1W	3,890.142 (3.78609%)	6,367 (8.35082%)	<u>5.61198</u>
TOTALS:		102,748.334 (100.00000%)	76,244 (100.00000%)	100.00000%