

INDEX

<u>WITNESS</u>	<u>DIRECT EXAM.</u>	<u>REDIRECT</u>	<u>CROSS</u>	<u>EXAM. BY BOARD/STAFF</u>
David Higginbotham	33-38	---	---	---
Robert Wood	39-43	---	---	---
Willard Simmons	45-47	---	---	---
Mike Epsman	50-53	---	---	---

6-12-96  
MRC

6-12-96  
Maurin Rogan

EXHIBITS

<u>TITLE</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Board Exhibit	Order appointing M. Rogers Hearing Officer	30	30
Exhibit 1 (D. Higginbotham)	Structure map, top Carter sand, Driver Creek Field Lamar County	38	38
Exhibit 2 (D. Higginbotham)	Isopach map, Carter sand porosity, Driver Creek Field, Lamar County	38	38
Exhibit 3 (D. Higginbotham)	Type log, Jabsco-Eatman 27-11 No. 1, Driver Creek Field, Lamar County	38	38
Exhibit 4 (D. Higginbotham)	Form OGB-9, Eatman 27-11 No. 1 Well, Driver Creek Field, Lamar County	38	38
Exhibit 5 (Items 6 & 7)	Affidavit of notice of James J. Sledge	32	33
Exhibit 6 (Items 6 & 7)	Affidavit of notice of James J. Sledge	32	33
Exhibit 1 (Robert Wood)	Location map, Pleasant Home Field, Covington County	43	43
Exhibit 2 (Robert Wood)	Structure map, top Lower Hosston oil pool, Pleasant Home Field, Covington County	43	43

<u>EXHIBITS</u> (Cont'd)			
<u>TITLE</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Exhibit 3 (Robert Wood)	Structure map, 9318' sand, Pleasant Home Field, Covington County	43	43
Exhibit 4 (Robert Wood)	Cumulative production through December 31, 1995, Pleasant Home Field, Covington County	43	43
Exhibit 5 (Item 12)	Affidavit of notice of William T. Watson	38	38
Exhibit 1 (Willard Simmons)	Affidavit of testimony of Willard B. Simmons, Jr.	48	48
Exhibit 2 (Willard Simmons)	Affidavit of notice of Willard B. Simmons, Jr.	46	46
Exhibit A (Willard Simmons)	Schedule of interest owners, Gilbertown (Eutaw Sand) Unit, Gilbertown Field, Choctaw County	48	48
Exhibit B (Willard Simmons)	Unit Operating Agreement, Gilbertown (Eutaw Sand) Unit, Gilbertown Field Choctaw County	48	48
Exhibit C (Willard Simmons)	Unit Agreement, Gilbertown (Eutaw Sand) Unit, Gilbertown Field, Choctaw County	48	48

<u>EXHIBITS</u> (Cont'd)			
<u>TITLE</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Exhibit 1 (Mike Epsman)	Area map, East Frisco City Field, Monroe County	53	53
Exhibit 2 (Mike Epsman)	Structure map, top Frisco City sand, East Frisco City Field, Monroe County	53	53
Exhibit 3 (Mike Epsman)	Cross section A-A', East Frisco City Field, Monroe County	53	53
Exhibit 4 (Mike Epsman)	Form OGB-9, Byrd 5-1 No. 1 Well, East Frisco City Field, Monroe County	53	53
Exhibit 5 (Mike Epsman)	Type log, Byrd 5-3 No. 1 Well, East Frisco City Field, Monroe County	53	53
Exhibit 6 (Mike Epsman)	PVT report Byrd 5-3 No. 1 Well, East Frisco City Field, Monroe County	53	53
Exhibit 1 (Item 18)	Affidavit of testimony of Joseph F. Smith, Mr.	54	54
Exhibit 1 (Item 19)	Affidavit of testimony of Warren R. Greenwalt	55	55
Exhibit 2 (Item 19)	3/14/96 letter to Board from Warren R. Greenwalt	55	55

<u>EXHIBITS</u> (Cont'd)			
<u>TITLE</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Exhibit 1 (Item 20)	Affidavit of testimony of Gill Derrick	56	56
Exhibit 2 (Item 20)	Affidavit of notice of William T. Watson	55	56
Exhibit 1 (Item 21)	Affidavit of testimony of Gill Derrick	57	57
Exhibit 2 (Item 21)	Affidavit of notice of William T. Watson	56	56
Exhibit 1 (Item 22)	Affidavit of testimony of Gill Derrick	57	58
Exhibit 2 (Item 22)	Affidavit of notice of William T. Watson	57	57
Exhibit 1 (Item 23)	Affidavit of testimony of Gill Derrick	58	59
Exhibit 2 (Item 23)	Affidavit of notice of William T. Watson	58	58
Exhibit 1 (Item 24)	Affidavit of testimony of Gill Derrick	59	59
Exhibit 2 (Item 24)	Affidavit of notice of William T. Watson	59	59
Exhibit 1 (Item 25)	Affidavit of testimony of Gill Derrick	59	60
Exhibit 2 (Item 25)	Affidavit of notice of William T. Watson	59	59

INCORPORATED BY REFERENCE

(Cont'd)

<u>TITLE</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Testimony and exhibits relating to Docket Nos. 1-31-966A & 1-31-967A		48	48

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

April 10, 1996

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 10th of April, 1996.

BEFORE:

Mr. Marvin Rogers . . . . . Attorney

BOARD STAFF

Mr. James D. Moore . . . . . Acting Secretary and Supervisor

Mr. Gary Wilson . . . . . Assistant Supervisor

Mr. Jay Masingill . . . . . Assistant Supervisor

Dr. David Bolin . . . . . Assistant Supervisor

Ms. Jan Tolson . . . . . Geologist

Mr. Richard Hamilton . . . . . Engineer

Mr. Douglas Hall . . . . . Geologist

Mr. Frank Hinkle . . . . . Geologist

(Reported by Rickey Estes)

APPEARANCES

NAME	REPRESENTING
1. Alan Farquharson P.O. Box 7 Fort Worth, Texas	UPRC
2. Edward G. Hawkins P.O. Box 290 Mobile, AL 36601	UPR
3. Willard B. Simmons P.O. Box 2845 Mobile, AL 36652	UPR
4. Jim Sledge P.O. Box 2727 Tuscaloosa, AL 35403	Lang
5. David Higginbotham Nuevo Energy 111 E. Capitol St. Jackson, MS	Lang
6. Tom Watson Tuscaloosa, AL	---
7. Mike Epsman Tuscaloosa, AL	Cobra Oil & Gas
8. Bob Wood Tuscaloosa, AL	Joiner & Assoc. Longleaf

PROCEEDINGS

(The hearing was convened at 10:05 a.m. on Wednesday,  
April 10, 1996, at Tuscaloosa, Alabama)

MR. ROGERS: This hearing is in session. Mr. Moore, have the items to be heard today been properly noticed?

MR. MOORE: 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

APRIL 10 & 12, 1996

"The meeting will begin at 10:00 a.m. on Wednesday, April 10, 1996, and Friday, April 12, 1996, in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, to consider the following petitions:

1. DOCKET NO. 8-16-953A

Continued amended petition by LOWRY EXPLORATION, 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 force pooling, with the imposition of a risk compensation penalty, all tracts and interests in gas produced from the Parkwood Formation from a wildcat well to be drilled on a unit consisting of the East Half of Section 31 and the West Half of Section 32, Township 11 South, Range 15 West, Marion County, Alabama. 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.

This Petition is filed as a companion to that Petition filed under Docket No. 8-16-952, seeking an exceptional unit for the proposed Real 32-5 No. 1 Well.

2. DOCKET NO. 8-16-955A

Continued amended petition by LOWRY EXPLORATION, 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 force pooling, with the

imposition of a risk compensation penalty, all tracts and interests in gas produced from the Parkwood Formation from a wildcat well to be drilled on a unit consisting of all of Section 30, Township 11 South, Range 15 West, Marion County, Alabama. 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.

This Petition is filed as a companion to that Petition filed under Docket No. 8-16-954, seeking an exceptional unit for the proposed Ogden Estate 30-10 No. 1 Well.

3. DOCKET NO. 8-16-9512

Continued petition by NATURAL GAS & OIL INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending Rule 1 of the Special Field Rules for the McCracken Mountain Field to add the Northwest Quarter of Section 18, Township 17 South, Range 12 West, Fayette County, Alabama, to the field limits of said field. This Petition is filed as a companion to a Petition bearing Docket No. 8-16-9513 to reform the unit for the Sanders 18-6 No. 1 Well, Permit No. 6863.

4. DOCKET NO. 8-16-9513

Continued petition by NATURAL GAS & OIL, INC., an Alabama corporation, requesting the State Oil and Gas Board to reform the unit for the Sanders 18-6 No. 1 Well, Permit No. 6863, with respect to the Millerella Sand from a 40-acre unit consisting of the Southeast Quarter of the Northwest Quarter of Section 18, Township 17 South, Range 12 West, Fayette County to a 320-acre unit consisting of the North Half of said Section 18 in accordance with the amended Special Field Rules for the McCracken Mountain Field. This Petition is filed as a companion to a Petition bearing Docket No. 8-16-9512 to amend the SFR's for the McCracken Mountain Field.

5. DOCKET NO. 1-31-962A

Continued amended petition by U.S. STEEL MINING COMPANY, INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order pursuant to Sections 9-17-1 through 9-17-33 and 9-17-80 through 9-17-88, Code of Alabama (1975) approving and establishing a partial field-wide unit, unitizing all coal degasification rights of the mineral owners not otherwise leased by said mineral owners to

lessees other than U.S. Steel Mining Co., Inc., to be known as Unit VI, consisting of the hereinafter described "Unit Area" in the Oak Grove Coal Degasification Field, Jefferson and Tuscaloosa Counties, Alabama, and requiring the operating of said Unit Area as a single unit in order to avoid the drilling of unnecessary wells, increase the efficiency of operations and improve the ultimate recovery of occluded natural gas from the Unitized Formation, as hereinafter defined, and avoid waste. The "Unitized Formation" is to be designated as the Pottsville Coal Interval and is defined as the productive coal seams found between the depths of 206 feet and 446 feet as indicated on the density log of the U. S. Pipe & Foundry Company Gob Vent Hole 11-2-1 located 1070 feet FNL and 1798 feet FEL of Section 11, Township 19 South, Range 6 West, Jefferson County, Alabama, and between 171.73 feet and 1846.50 feet below ground surface of U. S. Steel Core Hole No. C-3, located 763 feet FWL and 712 feet FSL of Section 18, Township 18 South, Range 5 West, Jefferson County, Alabama, as indicated on the electrical log and/or core from said wells, and all zones in communication therewith, and all productive extensions thereof. Petitioner further seeks approval of the Unit Agreement and Unit Operating Agreement,

as ratified, in accordance with Section 9-17-84, Code of Alabama (1975), and approval of the amendments to the Special Field Rules for the Oak Grove Coal Degasification Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

Petitioner further seeks entry of an order unitizing, pooling and integrating the Unit Area, as underlain by the above defined unitized formation so as to require all owners or claimants of royalty, overriding royalty, mineral, and leasehold interests within the Unit Area to unitize, pool and integrate their interests and develop their lands or interests as a unit, and designating U.S. Steel Mining Co., Inc. as operator of the Unit Area in accordance with the laws of Alabama. The proposed Unit Area, to be designated Unit VI, consists of the following described parcels:

The West Half of Section 5, all of Sections 6 and 7, the West Half of Section 8, the West Half of Section 17, all of Section 18, the North Half of Section 19 and the Northwest Quarter of Section 20, all in Township 18 South, Range 5 West; All of Sections 1, 2,

the East Half of the Southeast Quarter of Section 9, the South Half of Section 10, all of Sections 11, 12 and 13, the Northeast Quarter of Section 14, the Northwest Quarter, and the North Half of the Northeast Quarter of the Southwest Quarter, all in Section 15, the East Half of the East Half of Section 16, the South Half of the Northwest Quarter, the East Half of the Southwest Quarter, the North Half of the Southeast Quarter and the South Half of the Northeast Quarter, all in Section 23, the North Half and the North Half of the South Half of Section 24 and the Northeast Quarter of the Northwest Quarter of Section 26, all in Township 18 South, Range 6 West, Jefferson County, Alabama, containing approximately 8,300 acres.

6. DOCKET NO. 1-31-969B

Continued amended petition by JOHN LANG, d/b/a/ Jabsco Oil, requesting the Board to amend the Special Field Rules for the Driver Creek Field, Lamar County, Alabama, so as to include all of Section 27, the West Half of Section 26 and

the North Half of Section 34, Township 17 South, Range 15 West. The Field Limits, as amended will consist of all of Sections 27 and 35, the West Half of Section 26, as well as the North Half of Section 34, all in Township 17 South, Range 15 West, Lamar County, Alabama. The petition also requests amendment of the Special Field Rules so as to define the Carter Sand Gas Pool as that interval of the Carter Sand productive of hydrocarbons between 4314 feet and 4318 feet as indicated on the LDT/CNL log for the Rodgers-Eatman 27-11 Well, Permit No. 4048-A, Lamar County, Alabama.

7. DOCKET NO. 1-31-9610

Continued petition by JOHN LANG, d/b/a Jabsco Oil Company, requesting the Board to enter an order amending the Special Field Rules for the Fernbank Field, Lamar County, Alabama, so as to delete all of Section 27, Township 17 South, Range 15 West, Lamar County, from the Field Limits for said field. This is a companion petition to Docket No. 1-31-969, seeking to include Section 27 and other lands in the Driver Creek Field.

8. DOCKET NO. 3-6-961

Continued petition by JOHN LANG, d/b/a Jabsco Oil, requesting the State Oil and Gas Board of Alabama to enter an order force pooling, without risk compensation penalty, all tracts and interests in a unit consisting of the West Half of Section 20, Township 16 South, Range 15 West, in the Star Field, Lamar County, Alabama, into a drilling and producing unit of 320 acres, more or less. This petition is filed 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.

This petition is a companion to Docket No. 3-6-962 seeking approval of a re-entry of the Gault 20-13 #1 Well, Permit No. 6110, at an exceptional location.

9. DOCKET NO. 3-6-962

Continued petition by JOHN LANG, d/b/a Jabsco Oil, requesting that the Board approve re-entry of the Gault 20-13 #1 Well, Permit No. 6110, which well is located at an exceptional location. The location of said well is 330 feet from the South line and 330 feet from the West line of a unit consisting of the West Half of Section 20, Township 16

South, Range 15 West, in the Star Field, Lamar County, Alabama. This exceptional location was previously approved prior to the original drilling of said well, by Board Order No. 88-248.

This petition is a companion to Docket No. 3-6-961, seeking force integration of the unit for this well.

10. DOCKET NO. 3-6-966

Continued petition by LOWRY EXPLORATION, 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 reform the unit for the Real 32-6 No. 1 Well, Permit No. 10934, from a 160-acre unit consisting of the Northwest Quarter of Section 32, Township 11 South, Range 15 West, Marion County, Alabama, to a 640-acre unit consisting of the West Half of said Section 32 and the East Half of Section 31, Township 11 South, Range 15 West, Marion County, Alabama, in accordance with the Special Field Rules for the proposed Aston Branch Field.

This petition is filed as a companion to a Petition bearing Docket No. 8-16-953 seeking an order force pooling, with

imposition of the risk compensation penalty, all tracts and interests in the proposed unit and a Petition filed under Docket No. 3-6-967 seeking to establish a new gas field in Marion County, Alabama, to be called the Aston Branch Field.

11. DOCKET NO. 3-6-967

Continued petition by LOWRY EXPLORATION, 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 establish a new gas field in Marion County, Alabama, to be called the Aston Branch Field, or such other name as the Board deems appropriate, and to adopt Special Field Rules therefor. The proposed field limits consist of Sections 19, 20, 29, 30, 31, 32 and the West Half of Section 33, Township 11 South, Range 15 West and Sections 24, 25 and the East Half of Section 36, Township 11 South, Range 16 West, Marion County, Alabama. The said field limits are underlain by the Carter Sand, said Carter Sand being defined as that interval between 1184 feet and 1202 feet as indicated on the Spectral Density/Dual Spaced Neutron Log for the Real 32-6 No. 1 Well, Permit No. 10934, located in Marion County, Alabama, and all zones in communication therewith and all productive extensions thereof. Petitioner

is requesting well spacing of 640 contiguous acres and the establishment of production allowables.

This Petition is filed as a companion to a Petition filed under Docket No. 8-16-953 seeking an order force pooling, with the imposition of a risk compensation penalty, all tracts and interests in the proposed production unit for the Real 32-6 No. 1 Well and a Petition filed under Docket No. 3-6-966, seeking to reform said Real 32-6 No. 1 Well to a 640-acre production unit.

12. DOCKET NO. 3-6-9633A

Continued petition by LONGLEAF ENERGY GROUP, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order confirming that 160-acre spacing is proper for the further development of the Pleasant Home Field, Covington County, Alabama, in accordance with the requirements of the Board in Orders 94-26 dated March 11, 1994 and 95-230, dated October 4, 1995. The Pleasant Home Field consists of all of Section 31, Township 3 North, Range 15 East, Covington County, Alabama, underlain by the Lower Hosston Oil Pools.

13. DOCKET NO. 4-10-961

Petition by UNION PACIFIC RESOURCES COMPANY, a Delaware corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama ("Board") to enter an order pursuant to Sections 9-17-1 through 9-17-32 and 9-17-80 through 9-17-88 of the Code of Alabama (1975) supplemental to Order 96-14 entered by the Board on February 2, 1996: (i) finding that agreements incorporating the provisions of Section 9-17-83 of the Code of Alabama (1975) have been signed or in writing ratified or approved by the owners of at least 75 percent in interest as costs are shared under the terms of the order and by 75 percent in interest of the royalty and overriding royalty owners in the Unit Area described in Order No. 96-14; (ii) adopting, ratifying, and confirming Order No. 96-14; and (iii) determining that Order No. 96-14, the Special Field Rules for the Gilberttown Field attached as Exhibit "A" to Order No. 96-14, the Unit Agreement attached as Exhibit "B" to Order No. 96-14, and the Unit Operating Agreement attached as Exhibit "C" to Order No. 96-14 are effective immediately as of the entry of the order approving this petition.

The "Unit Area" designed by Order No. 96-14 was the West Half (W/2) of the Northwest Quarter (NW/4) of Section 3, the Northeast Quarter (NE/4) of Section 4, the Northwest Quarter (NW/4) of the Southeast Quarter (SE/4) of Section 4, the Northeast Quarter (NE/4) of the Southwest Quarter (SW/4) of Section 4, and the Southeast Quarter (SE/4) of the Northwest Quarter (NW/4) of Section 4, Township 10 North, Range 3 West, Choctaw County, Alabama, containing approximately Three Hundred Sixty (360) acres.

Order No. 96-14 provided that it and the Unit Operations for the "Gilbertown (Eutaw Sand) Unit" would not become effective unless and until the form of the Unit Agreement, attached to Order No. 96-14 as Exhibit "B" has been signed or in writing ratified or approved by the owners of at least 75 percent in interest in the Unit Area as costs are shared under the terms hereof and by more than 75 percent in interest of the royalty and overriding royalty owners in the Unit Area and the form of the Unit Operating Agreement, attached to Order No. 96-14 as Exhibit "C" has been signed or in writing ratified or approved by the owners of at least 75 percent in interest in the Unit Area as costs are shared under the terms hereof as required in Section 9-17-84 of the

Code of Alabama (1975), and a finding to that effect has been made by the Board by a supplemental order.

14. DOCKET NO. 4-10-962

Petition by IP PETROLEUM COMPANY, 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 force pooling, without a risk compensation penalty, all tracts and interests in oil and gas produced from the Edge-Donald Beasley et al 20-1 No. 1 Well, Permit No. 10810, on a unit consisting of the Northeast Quarter of Section 20, Township 3 North, Range 8 East, Escambia County, Alabama, in the Gravel Hill Church Field. 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.

15. DOCKET NO. 4-10-963

Petition by WILL-DRILL PRODUCTION CO., INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Board of Alabama to enter an order establishing a new oil field in Monroe County, Alabama, to be named the Southwest

Monroeville Field, or such other name as the Board deems proper, and to adopt Special Field Rules therefor. The proposed field, as underlain by the Frisco City Sand Oil Pool, consists of the Southeast Quarter of Section 15, Township 6 North, Range 7 East, Monroe County, Alabama. The Frisco City Sand Oil Pool should be defined as that interval of the Frisco City Sand productive of hydrocarbons between 11,500 feet and 11,650 feet as indicated on the Array Induction-BHC Sonic-Caliper Diagonal Gamma Ray Log for the Tenexco-Paramount-Wiggins 15-16 No. 1 Well, Permit No. 10846, located on the above-described 160-acre production unit, and zones in communication therewith and all productive extensions thereof. Petitioner is requesting well spacing of 160 contiguous acres consisting of a governmental quarter section and the establishment of production allowables.

16. DOCKET NO. 4-10-964

Petition by THE OFFSHORE GROUP, INC., a foreign corporation qualified to do and doing business in the State of Alabama, requesting that the Board enter an order granting an additional six (6) months for plugging and abandonment, and restoration of the location for the Stallworth 12-4 No. 1

Well, Permit No. 10603, located in the Northwest Quarter of Section 12, Township 3 North, Range 4 East, Monroe County, Alabama. Said extension, if granted, would be an exception to Rules 400-1-3-.06, 400-1-5-.03 and 400-1-5-.07 of the State Oil and Gas Board Administrative Code. In Order Number 95-245 issued on November 3, 1995, the Board granted an additional six (6) months for plugging and abandonment and restoration of the location for said well.

17. DOCKET NO. 4-10-965

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 naming a new oil field in Monroe County, Alabama, the East Frisco City Field, or such other name as the Board deems proper, and to adopt Special Field Rules therefor. The field limits for the proposed field consist of the Northwest Quarter of Section 5 and the Northeast Quarter of Section 6, all in Township 5 North, Range 7 East, Monroe County, Alabama, as underlain by the Frisco City Sand Oil Pool, which is defined as that interval of the Frisco City Sand productive of hydrocarbons between measured depths of 12,209 feet and 12,254 feet as indicated on the Array

Induction Log for the Byrd 5-3 No. 1 Well, Permit No. 10653-B, located on a 160-acre unit consisting of the Northwest Quarter of Section 5, Township 5 North, Range 7 East, Monroe County, Alabama. Petitioner is requesting well spacing of 160-contiguous acres consisting of a governmental quarter section and is also requesting the establishment of allowables for wells in said field.

18. DOCKET NO. 4-10-966

Petition by FOUR STAR OIL & GAS COMPANY, a subsidiary of Texaco Exploration and Production 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 extending the temporary abandoned status for six (6) months for the following described gas-condensate wells in the Hatter's Pond Field Unit, Mobile County, Alabama:

Permit

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

The previous temporarily abandoned status for these wells will expire on April 12, 1996, 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.

19. DOCKET NO. 4-10-967

Petition by FOUR STAR OIL & GAS COMPANY, a subsidiary of Texaco Exploration and Production Inc., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving the design, installation and use of a flowline to tie in the Hatter's Pond Unit 15-5 No. 1 Well, Permit No. 11007, to the Hatter's Pond Unit sour flowline system. The flowline will run through Sections 10, 15 and 16, Township 2 South, Range 1 West, Mobile County, Alabama, in the Hatter's Pond Unit.

This request is made pursuant to Rules 400-1-5-.02(12)(a-c) and 400-1-8-.04 of the State Oil and Gas Board of Alabama Administrative Code.

20. DOCKET NO. 4-10-968

Petition by SONAT EXPLORATION COMPANY, a Delaware 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 USX 01-04-31 Well, Permit No. 10814-C, from an 80-acre unit consisting of the North Half of the Northwest Quarter of Section 1, Township 18 South, Range 8 West, Tuscaloosa County, Alabama, in the White Oak Creek Coal Degasification Field, to a 40-acre unit consisting of the Northwest Quarter of the Northwest Quarter of said Section 1, Township 18 South, Range 8 West, Tuscaloosa County, Alabama.

21 . DOCKET NO. 4-10-969

Petition by SONAT EXPLORATION COMPANY, a Delaware 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 USX 31-02-84 Well, Permit No. 10976-C, from an 80-acre unit consisting of the North Half of the Northeast Quarter of Section 31, Township 17 South, Range 7 West, Walker County, Alabama, in the White Oak Creek Coal Degasification Field, to a 40-acre unit consisting of the Northwest Quarter of the Northeast Quarter

of said Section 31, Township 17 South, Range 7 West, Walker County, Alabama.

22. DOCKET NO. 4-10-9610

Petition by SONAT EXPLORATION COMPANY, a Delaware 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 USX 31-09-85 Well, Permit No. 10978-C, from an 80-acre unit consisting of the East Half of the Southeast Quarter of Section 31, Township 17 South, Range 7 West, Walker County, Alabama, in the White Oak Creek Coal Degasification Field, to a 40-acre unit consisting of the Northeast Quarter of the Southeast Quarter of said Section 31, Township 17 South, Range 7 West, Walker County, Alabama.

23. DOCKET NO. 4-10-9611

Petition by SONAT EXPLORATION COMPANY, a Delaware 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 USX 30-14-87 Well, Permit No. 10967-C, from an 80-acre unit consisting of the South Half of the Southwest Quarter of Section 30, Township

17 South, Range 7 West, Walker County, Alabama, in the White Oak Creek Coal Degasification Field, to a 40-acre unit consisting of the Southeast Quarter of the Southwest Quarter of said Section 30, Township 17 South, Range 7 West, Walker County, Alabama.

24. DOCKET NO. 4-10-9612

Petition by SONAT EXPLORATION COMPANY, a Delaware 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 USX 06-07-101 Well, Permit No. 10951-C, from an 80-acre unit consisting of the Southwest Quarter of the Northeast Quarter and the Southeast Quarter of the Northwest Quarter of Section 6, Township 18 South, Range 7 West, Tuscaloosa County, Alabama, in the White Oak Creek Coal Degasification Field, to a 40-acre unit consisting of the Southwest Quarter of the Northeast Quarter of said Section 6, Township 18 South, Range 7 West, Tuscaloosa County, Alabama.

25. DOCKET NO. 4-10-9613

Petition by SONAT EXPLORATION COMPANY, a Delaware 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 USX 29-07-103 Well, Permit No. 10980-C, from an 80-acre unit consisting of the Southeast Quarter of the Northwest Quarter and the Southwest Quarter of the Northeast Quarter of Section 29, Township 17 South, Range 7 West, Walker County, Alabama, in the White Oak Creek Coal Degasification Field, to a 40-acre unit consisting of the Southwest Quarter of the Northeast Quarter of said Section 29, Township 17 South, Range 7 West, Walker County, Alabama.

26. DOCKET NO. 3-6-9637

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to repeal and rescind all rules and regulations of statewide application and to promulgate new rules and regulations of statewide application, provided, however, that Special Field Rules shall not be repealed and rescinded. The rules and regulations of the State Oil and Gas Board are set forth in Rule 400-1-1-.01 et seq. of the State Oil and Gas Board of Alabama Administrative Code. Under this Motion, the State Oil and Gas Board proposes to make substantial changes to regulations governing coalbed methane gas operations, offshore operations, and various other regulations.

27. DOCKET NO. 4-10-9614

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting operator Moon-Hines-Tigrett Operating Company, Inc. to show cause why the Hankins-Franklin No. 1 Well, Permit No. 2633, located in Section 11, Township 13 South, Range 15 West, in the Beaverton Field, Lamar County, Alabama should not be ordered immediately plugged.

In the event the Board orders the well to be plugged and the operator fails to plug the well properly, then the Board will collect the proceeds of the well bond in order to commence plugging operations pursuant to Section 9-17-6(5) of the Code of Alabama (1975).

28. DOCKET NO. 4-10-9615

Petition by BRIDWELL OIL MANAGEMENT, L.L.C., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order, force pooling, with imposition of a risk compensation fee, all the Norphlet, Smackover, and Haynesville Formations, and the Cotton Valley Group, in a 160-acre unit, consisting of the Northeast Quarter of Section 26, Township 6 North, Range 7 East, Monroe County,

Alabama, pursuant to Section 9-17-13, Code of Alabama, (1975) and Rule 400-1-13-.01 et seq. of the State Oil and Gas Board of Alabama Administrative Code.

"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. 211.

"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, May 15, 1996, and Friday, May 17, 1996, in the Board Room of the State Oil and Gas Board Building, Tuscaloosa, Alabama. The notices for the May meeting should be filed on or before Friday, April 19, 1996. Petitions, exhibits, affidavits, and proposed orders must be filed on or before Wednesday, May 1, 1996. 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.

"James D. Moore

Acting 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 the 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 matters beginning at 10:00 a.m. on Friday, April 12, 1996, here in the Board's hearing room in Tuscaloosa, Alabama. I will recommend the following petitions be continued: Item 1, Docket No. 8-16-953A, petition by Lowry Exploration, Inc.; Item 2, Docket No. 8-16-955A, petition by Lowry; Item 3, Docket No. 8-16-9512, petition by Natural Gas & Oil, Inc.; Item 4, Docket No. 8-16-9513, petition by Natural Gas & Oil, Inc.; Item 5, Docket No. 1-31-962A, petition by U.S. Steel Mining Company, Inc.; Item 8, Docket No. 3-6-961, petition by John Lang, d/b/a/ Jabsco Oil Co.; Item 9, Docket No. 3-6-962, petition by John Lang, d/b/a Jabsco Oil Co.; Item 10, Docket No. 3-6-966, petition by Lowry Exploration, Inc.; Item 11, Docket No. 3-6-967, petition by Lowry; Item 26, Docket No. 3-6-9637 is a

motion by the State Oil and Gas Board. We will recommend that be continued. The other item that we will recommend be continued is a petition by Bridwell Oil Management, L.L.C., Docket No.

4-10-9615. Are there any corrections to those recommendations?

(No response) The items to be heard by the Board at the hearing on Friday are as follows: Item 14, Docket No. 4-10-962, petition by IP Petroleum Company, Inc. for force pooling without risk compensation certain lands in Escambia County; Item 15, Docket No. 4-10-963, petition by Will-Drill Production Company, Inc., relating to the request for an establishment of the Southwest Monroeville Field; Item 16, Docket No. 4-10-964, petition by The Offshore Group, Inc. requesting a six-month extension of the time for plugging, abandonment and restoration of a well in Monroe County; Item 27, Docket No. 4-10-9614, a motion by the Board requesting operator Moon-Hines-Tigrett Operating Company, Inc. to show cause why a well in Lamar County should not be ordered plugged and abandoned; Docket No. 4-8-961, an emergency petition by Energy Development Corporation relating to a well and fields in Monroe County, Alabama. Mr. Moore will call the first item.

MR. MOORE: Item No. 6, Docket No. 1-31-969B, petition by John Lang, d/b/a Jabsco Oil Company.

MR. ROGERS: Do you want your witness sworn in, Mr. Sledge?

MR. SLEDGE: Yes, sir.

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

MR. HIGGINBOTHAM: David Higginbotham, Jackson, Mississippi.

(Witness was sworn by Mr. Rogers)

MR. SLEDGE: Mr. Rogers, I'm Jim Sledge from Tuscaloosa representing John Lang d/b/a Jabsco Oil Company in these two matters. I would ask first that Items 6 and 7 be consolidated for the purpose of this hearing.

MR. ROGERS: What was your request, Mr. Sledge?

MR. SLEDGE: That the two items be consolidated for the purpose of this hearing.

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

MR. SLEDGE: We're asking for relief first in Item 6 to amend the Special Field Rules for the Driver Creek Field so as to expand the field limits and to define the Carter Sand Gas Pool. In Item 7 we're asking to delete Section 27, Township 17 South, Range 15 West, Lamar County, from the Fernbank Field. I have previously filed two affidavits of notice, one dated February 19, 1996, and one dated March 20, 1996. I would ask that those be made a part of the record. Actually, the March 20 one is the corrected one reflecting the final relief that was requested.

MR. ROGERS: The two affidavits are admitted.

(Whereupon, the affidavits were  
received in evidence)

MR. SLEDGE: My witness is Mr. David Higginbotham. Mr. Higginbotham, you have previously appeared before this Board and your qualifications as an expert petroleum geologist have been accepted. Is that correct?

MR. HIGGINBOTHAM: That's correct.

MR. SLEDGE: Mr. Rogers, we would ask that he be recognized for this hearing.

MR. ROGERS: He is recognized as an expert geologist.

DAVID HIGGINBOTHAM

Appearing as a witness on behalf of Petitioner, John Lang d/b/a Jabsco Oil Company, testified as follows:

DIRECT EXAMINATION

Questions by Mr. Sledge:

Q. Mr. Higginbotham you have prepared, I think, four exhibits. Would you please describe them for the Board and explain what we are asking to do here and why?

A. If you would, open up the exhibit booklet. You will see first a list of what the exhibits are. On the second page on the left-hand folder you will see a structure contour map on top of the Carter sand labeled Exhibit 1. Look at that first, please. Outlined on Exhibit 1 in green is the

proposed Driver Creek Field. Outlined in blue is the proposed 320-acre production unit. In red is the Jabsco-Eatman 27-11 well which is a Carter sand producer. This well encountered the top of the Carter sand at a subsea depth of 3946. The well colored in yellow is a Lewis sand producer from the Driver Creek Field, the Jabsco-Hodo 35-8. This well encountered the Carter sand at a subsea depth of -4026 feet. Shown in purple is a northwest striking down to the southwest normal fault with throw of approximately 320 feet. The unit for the proposed well is the West Half of Section 27 outlined in blue.

- Q. A moment ago you said the proposed 320-acre unit for the Eatman 27-11. I have here the permit to re-enter the well which was approved by the Board November 3 of last year. The unit was actually -- the well was actually re-permitted or re-entered based on a west half unit. Is that correct?
- A. That's correct.
- Q. So, we're not asking for any kind of relief to expand or change the unit today?
- A. That's correct. The unit is the same.
- Q. I'm sorry, go ahead.
- A. That's Exhibit No. 1, the structure contour map on top of the Carter sand. Again, the purpose of this petition is to

take the Jabsco-Eatman well out of the Fernbank Field and put it in the Driver Creek Field. It's based on subsurface geology and pressure data. If you will, turn to Exhibit No. 2. Exhibit No. 2 is an isopach map of the Carter sand porosity. Again as on the previous map, outlined in blue is the proposed 320-acre production unit for the Jabsco-Eatman well. Outlined in green is the proposed Driver Creek Field. The Jabsco-Eatman 27-11 Well had approximately four feet of microlog separation in the Carter sand and it's colored in red. The Carter sand in the Jabsco-Hodo well had approximately 16 feet. That well is colored in yellow. This sand is mapped as essentially running in a north-south direction. Regional sand mapping illustrates that the sand pinches out from the Eatman well toward the west, toward Fernbank Field. If you would, take out Exhibit No. 3. Exhibit No. 3 is the type log for the Jabsco-Eatman 27-11 well for the Driver Creek Field, Carter sand. The Carter sand was perforated from 4314 to 4318 and tested December 11, 1995 through December 12, 1995, at approximately two barrels of oil a day and 155 Mcf of gas per day. The productive interval that we're asking to be defined is the Carter sand in Driver Creek Field and is defined on the Schlumberger neutron density log from a log depth of

approximately 4312 to a log depth of 4324. This interval is colored in yellow and the upper part is labeled the top of the Carter sand. The lower portion is labeled the base of the Carter sand. If you will, look at Exhibit No. 4. Exhibit No. 4 is the OGB-9 form for the Jabsco-Eatman 27-11 Well. This shows the results of the 24-hour testing on December 11 and 12. Toward the end of the test the well was flowing at an approximate rate of 192 Mcfd. During the entire 24 hours the flow rate of the well was approximately 154 Mcf with two barrels of oil.

- Q. Could you please address and summarize why this Eatman well belongs in Driver Creek as opposed to the Fernbank Field?
- A. The Eatman well was initially drilled by TXO Production back in 1984. TXO drilled this to be part of the Fernbank Field. They set casing and they tested the Lewis sand noncommercial. They then tested the Carter sand at approximately 200 to 240 Mcf of gas per day. TXO essentially was waiting on a pipeline to hook the well up. Between the time the well got hooked up, which it never did, TXO was bought out by Marathon. Approximately every six months, TXO did a bottom-hole pressure test and for approximately six or seven years this well was tested at essentially the same rate as it was when it was first

drilled back in 1984, about 200 Mcf gas per day with essentially virgin bottom-hole pressures. Jabsco re-entered this well that had been plugged by Marathon based on the premise that the pressures in this well were considerably higher than the depleted pressures in the Carter sand at Fernbank Field. It is our contention that this well potentially is tapped into something that could lie further over to the west. Without a doubt, this well is definitely not depleted by Fernbank Field and represents a new Carter gas accumulation, which has yet to be drained.

- Q. So, it is your opinion that these are two separate pools?
- A. That is correct.
- Q. In your opinion, would the granting of this petition protect the correlative and coequal rights of the owners of interest in the Carter sand gas pool in the Driver Creek Field as redefined?
- A. Yes, it will.
- Q. Would the Special Field Rules for the Driver Creek Field likewise provide for the orderly development of the Carter sand gas pool in this field?
- A. Yes, it will.
- Q. Were Exhibits 1 through 4 prepared by you or under your supervision and control?

A. Yes, they were.

MR. SLEDGE: We ask that those exhibits be admitted, Mr. Rogers.

MR. ROGERS: The exhibits are admitted.

(Whereupon, the exhibits were  
received in evidence)

MR. SLEDGE: We would offer the witness for any questions the staff might have.

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

MR. SLEDGE: Thank you.

MR. MOORE: Item 12, Docket No. 3-6-9633, petition by Longleaf Energy Group, Inc.

MR. WATSON: I have one witness to be sworn in, Mr. Rogers.

MR. ROGERS: Would you state your name and address, sir?

MR. WOOD: Robert Wood, Tuscaloosa, Alabama.

(Witness was sworn by Mr. Rogers)

MR. WATSON: Admit to the record the prefiled affidavit of notice, Mr. Rogers, in this item.

MR. ROGERS: The affidavit is admitted.

(Whereupon, the affidavit was  
received in evidence)

MR. WATSON: This petition by Longleaf Energy Group is requesting the Board to approve 160-acre spacing as appropriate spacing for the Pleasant Home Field in Covington County, Alabama. My witness, Mr. Wood, has been previously qualified as a petroleum geologist before this Board. I'll ask you, Mr. Wood, are you familiar with the petition that I've just described and have you prepared exhibits in support of that petition?

MR. WOOD: I am and I have.

MR. WATSON: I submit him as an expert, Mr. Rogers.

MR. ROGERS: He is so recognized.

ROBERT WOOD

Appearing as a witness on behalf of Petitioner, Longleaf Energy Group, Inc., testified as follows:

DIRECT EXAMINATION

Questions by Mr. Watson:

- Q. You have prepared a set of exhibits to demonstrate the appropriate spacing for the Pleasant Home Field. Mr. Wood, if you would, turn in the booklet of exhibits to Exhibit No. 1 and tell us what's shown there, please, sir.
- A. Exhibit No. 1 is simply a location map showing where the Pleasant Home Field is in relation to other producing fields in Southwest Alabama. Pleasant Home Field is highlighted in red and is in Covington County. It's one of the most

eastern producing fields in the southwest area. If you would now, turn to Exhibit No. 2 which is a structure map based on the top of the Lower Hosston oil pool. This is an exhibit that was previously submitted to the Board in 1994 when the original discovery well was reformed from a 40-acre drilling unit to the 160-acre production unit. At the time that this map was prepared there was only the one well for subsurface well control and the 2-D seismic information which is shown with the various 2-D lines that are crossing this structure. At that time I believe it was Mr. Chapman's testimony that there would be subsequent information that would be procured in order to determine the exact configuration of this structure and to verify that 160 acres was the proper spacing.

- Q. Isn't it true, Mr. Wood, that this is the first encounter that we have seen in the Hosston -- Lower Hosston or the Hosston formation?
- A. That is true.
- Q. That further necessitated some concern about the spacing of this new development. Correct?
- A. Yes, sir.
- Q. All right, sir. Turn to your next exhibit, Exhibit No. 3, and tell us what that is, please, sir.

- A. Exhibit No. 3 is a structure map based on all the information that is available today. There have been thirteen individual producing horizons that have been found and defined in the Pleasant Home Field. This map is based on the original discovery well which is the 31-6 well but there have been three additional wells that have been drilled to define this field, the 31-11, the 31-10 and the 31-7. Each of these wells has been drilled and developed on 160-acre spacing. The basis for the interpretation of this map is both the subsurface control and also the 3-D seismic information that was procured for this structure. The sand that was chosen for this map is the 9318 sand occurring at a measured depth of 9318 feet. That sand is present in all four wells and is the most prolific in the widespread area. The geographical area of the sand covers the largest area for the intersection of the oil-water contact at the top of the 9318 foot sand. It shows that the entire productive area or this largest productive area is encompassed within the 160-acre unit. There is no production that outlies and extends beyond any of these four units. No other spacing would encompass all of this productive area for this sand.
- Q. Each time as we've drilled an additional well in this Hosston formation we've come back to the Board to amend the

field rules to add a definition to those sands which I think you said is now number nine. Is that correct?

A. I believe it's number thirteen.

Q. Thirteen sands. Let's go to your next exhibit which shows some production data from these wells.

A. This is the cumulative production through the end of last year. It's the latest information that was published by the Board. The four sands can be seen on this development map. The portion highlighted in pink are the sands that the wells have been completed through today, the different defined sands. The cumulative production is shown highlighted in yellow. Each of these wells has produced on a 30-day monthly average at least 150 barrels per day with a maximum in the 31-6 of approximately 260 barrels a day. The production rates thus far and the cumulative production is consistent with other wells on 160-acre spacing.

Q. This field was developed in a counter clockwise rotation so some of the cumulative figures on the latest wells drilled are lower than, of course, the original discovery well. Is that correct?

A. That's correct.

Q. Mr. Wood, is it your testimony then that the 160-acres previously adopted by this Board in the Special Field Rules

for the Pleasant Home Field is proper, adequate and will protect the coequal and correlative rights of all owners in this field?

A. That is correct.

Q. Is it also true, Mr. Wood, that your firm and others are currently working on a unitization plan for this field?

A. That is correct.

MR. WATSON: Mr. Rogers, I ask that you receive into the record of this hearing the exhibits prepared by Mr. Wood and testified to by him.

MR. ROGERS: The exhibits are admitted.

(Whereupon, the exhibits were  
received in evidence)

MR. WATSON: I tender Mr. Wood to you for any questions you have concerning this matter.

MR. WILSON: No particular questions, Mr. Wood. I believe there may be a typographical error with the SMAK-Dixon 31-7. I think the permit number may be 10874 instead of 47. If you would have time before you left this morning to confirm that with members of our staff. If that indeed is correct, you can hand correct the official copy and file it, just for the permit number. That will be on Exhibit 3 and 4 both.

MR. WOOD: I will.

MR. ROGERS: Subject to that matter, we will review the evidence and make a recommendation to the Board.

MR. WATSON: Thank you.

MR. MOORE: Item 13, Docket No. 4-10-961, petition by Union Pacific Resources Company.

MR. HAWKINS: Good morning. I am Ed Hawkins from Mobile. I represent Union Pacific. In the petition in Docket No. 4-10-961A, Union Pacific Resources Company is requesting the Board to find that Union Pacific has accomplished the signup of the Unit Agreement and the Unit Operating Agreement for the Gilberttown (Eutaw Sand) Unit and is requesting the Board to adopt, ratify, and confirm the testimony and evidence supporting Order No. 96-14 and is asking the Board to determine that the Unit is effective. We have one witness, Mr. Willard Simmons. I ask you to swear him in, please.

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

MR. SIMMONS: Willard Simmons, Mobile, Alabama.

(Witness was sworn by Mr. Rogers)

MR. HAWKINS: Mr. Simmons has already testified before this Board as an expert landman. His affidavit specifying his qualifications are on file. I ask the Board to recognize him as an expert landman in this matter.

MR. ROGERS: He is so recognized. By the way, I might mention that Mr. Simmons served for some time as the President of the National Association of Petroleum Landmen. Nice distinction for the State of Alabama to have.

MR. SIMMONS: Thank you.

WILLARD B. SIMMONS, JR.

Appearing as a witness on behalf of Petitioner, Union Pacific Resources, Inc., testified as follows:

DIRECT EXAMINATION:

Questions by Mr. Hawkins:

Q. Mr. Simmons, have you read the petition in Docket No. 4-10-961A?

A. I have.

Q. Are you familiar with the unit area specified in that petition?

A. I am.

Q. Did you notify all known owners of mineral and royalty interest in the unit area of this petition in the hearing?

A. Yes, we did.

Q. How did you identify those owners?

A. We identified them in two different ways, once by contacting, which is not of record, the current company which is Hunt Refining Company which are paying the royalty

owners in the units at this time to get a list of the people they are paying plus by running the records in the Courthouse in Choctaw County.

Q. How did you give them notice?

A. By mail -- first class mail, prepaid.

Q. You have specified all these facts in your affidavit submitted to the Board on March 26, 1996?

A. That is correct, sir.

MR. HAWKINS: Mr. Rogers, we offer that affidavit into evidence.

MR. ROGERS: The affidavit is admitted.

(Whereupon, the affidavit was  
received in evidence)

Q. Mr. Simmons, you also submitted a revised affidavit to the Board on April 4, 1996? Is that correct?

A. That is correct.

Q. Attachment A to that affidavit is the schedule of interest owners?

A. That is correct.

Q. You prepared that?

A. Yes, sir.

Q. Now, as of March 18, 1996, when you submitted the affidavit -- when you did the sign-up work, what was the percentage of

royalty owners and overriding royalty owners that had ratified in writing the Unit Agreement?

A. At that time we had 94.4814290 percent signed up.

Q. That percent is stated in your affidavit?

A. Right.

Q. Have you had subsequent signups?

A. Yes, we have.

Q. What's the current ratification percentage by royalty owners and overriding royalty owners?

A. Currently we have 97.115590 signed up.

Q. But you did not have -- you have not submitted copies of the sign-up sheets for that additional---

A. No, we have not.

Q. What is the percentage of working interest owners who have ratified the Unit Agreement and the Unit Operating Agreement?

A. 100 percent.

MR. HAWKINS: Mr. Rogers, we offer into evidence Mr. Simmons affidavit which also has copies of all the sign-up ratifications by the royalty and overriding royalty owners. It has a copy of the Unit Operating Agreement as signed. It has a copy of the Unit Agreement as signed and it has a copy of the schedule of

interest owners with their unit participations showing the signup as of March 18, 1996.

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

(Whereupon, the affidavit, Unit Agreement, Unit Operating Agreement and schedule of interest owners was received into evidence)

MR. HAWKINS: We also reoffer the testimony and exhibits from the hearing on Docket Nos. 1-31-966A and 1-31-967A.

MR. ROGERS: Your request is granted and those matters are incorporated into this record.

(Whereupon, the testimony and exhibits relating to Docket Nos. 1-31-966A and 1-31-967A are incorporated by reference)

MR. HAWKINS: We request the Board to grant Union Pacific's petition in this matter, 4-10-961A.

MR. ROGERS: We will review the evidence and make a recommendation to the Board at the hearing on Friday.

MR. HAWKINS: If you have any questions of Mr. Simmons, we offer him.

MR. ROGERS: The staff has no questions. Thank you.

MR. HAWKINS: Thank you very much.

MR. MOORE: Item 17, Docket No. 4-10-965, petition by Cobra Oil and Gas Corporation.

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

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

MR. EPSMAN: Mike Epsman, Tuscaloosa, Alabama.

(Witness was sworn by Mr. Rogers)

MR. WATSON: This matter comes on publication notice, Mr. Rogers. I'll ask Mr. Epsman, who has previously appeared before this Board, if he is familiar with the petition on file here today by Cobra requesting the Board to enter an order naming a new oil field that we've recommended to be named the East Frisco City Field?

MR. EPSMAN: Yes, sir.

MR. WATSON: Have you prepared exhibits in support of this request?

MR. EPSMAN: Yes, sir.

MR. WATSON: I've handed those up to the staff. First of all, let's get Mr. Rogers to recognize you as an expert for purposes of testimony in this matter.

MR. ROGERS He is so recognized.

MIKE EPSMAN

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

DIRECT EXAMINATION

Questions by Mr. Watson:

- Q. Turn in the booklet of exhibits to Exhibit No. 1. Describe the information shown there, please, sir.
- A. Exhibit No. 1 is an area map at a scale of 1-inch equals 2,000 feet showing the area surrounding the proposed East Frisco City Field in Monroe County, Alabama. We show the proposed East Frisco City Field boundary in green. We show the boundaries of the present fields surrounding the proposed East Frisco City Field in orange. We show Jones Mill Field directly to the north. We show Southeast Frisco City to the south and southwest.
- Q. The area of the new field would be the Northwest Quarter of Section 5 and the Northeast Quarter of Section 6. Correct?
- A. Of Township 5 North, Range 7 East. That is correct.
- Q. All right, sir. Turn to your Exhibit 2. Tell us what that exhibit is and describe the information shown.
- A. Exhibit 2 is a structure contour map of the top of the Frisco City Sand at a contour interval of 50 feet and a scale of 1-inch equals 2,000 feet. On this map we show the

anticlinal feature that supports the proposed East Frisco City Field underneath the Cobra-Byrd 5-3 No. 1 Well and the Cobra-Walker 6-1 No. 1 Well. We show that structural feature to be separated from Jones Mill Field to the north by a synclinal feature directly to the north of the proposed East Frisco City Field. We also show the oil-water contact for Jones Mill Field at -11,757 subsea which again proves the separation of the two features. Southwest of the proposed East Frisco City Field we show a synclinal feature separating it also from the Southeast Frisco City Field. Also shown on this map is a cross section A-A' going from Southeast Frisco City Field up through the Cobra Walker 6-1 No. 1 and ending at A' in the Jones Mill Field.

Q. All right, sir. That's our next exhibit.

A. That's correct. Exhibit No. 3 is a structural cross section A-A'. At point A we see Southeast Frisco City Field, the Cobra Oil and Gas Albritton 6-16 No. 2. We show that well's perforations. We show the top of the Frisco City sand and the base of the Frisco City sand with a synclinal feature separating it from the proposed East Frisco City Field which is seen in the Cobra Oil and Gas Walker 6-1 No. 1 log. Again we see a synclinal feature separating that well from the Jones Mill Field which is shown in the Torch Lancaster

31-8 No. 1. Again, we show an oil-water contact at -11,757 subsea TVD for that field.

Q. Your test to prove the production is your next exhibit, your OGB-9?

A. Right. Exhibit No. 4 is a 24-hour test on the date of 1/26/95. It shows that we tested at a rate of 260 barrels of oil a day on a 15/64-inch adjustable choke with a final flowing tubing pressure of 385 psi.

Q. Exhibit 5 is a type log wherein you're requesting the Board to define the Frisco City sand for the East Frisco City Field. Define that interval, please, sir.

A. That's correct. This Exhibit No. 5 is the type log of the Byrd 5-3 No. 1 Well. It's the ray induction tool. It shows the top of the Frisco City sand at a measured depth of 12,209 and a subsea of 11,777. It shows the base of the Frisco City sand interval at 12,254 measured depth and a subsea of 11,822.

Q. You're calling this field, of course, an oil field. We're asking for 160-acre spacing. I'm going to hand you what we've marked as Exhibit 6. That's a PVT report. Would you please just read that part or describe that part of that PVT report that describes the nature of these hydrocarbons?

A. Exhibit 6 is the cover letter for the PVT report dated March 27, 1995. It shows that the recombined reservoir fluid was observed at a reservoir temperature of 206 degrees Fahrenheit. We have a bubble point of 2116 psia and it shows that the reservoir was a liquid at reservoir temperature and pressure.

MR. WATSON: Mr. Rogers, I would ask that you receive into evidence Exhibit 1 through 6 to the testimony of Mr. Epsman.

MR. ROGERS: The exhibits are admitted.

(Whereupon, the exhibits were  
received in evidence)

Q. Mr. Epsman, if the Board sees fit to grant this petition to establish this new field, will waste be prevented and coequal and correlative rights protected?

A. Yes, sir.

MR. WATSON: I tender Mr. Epsman for any questions you have on this item.

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

MR. WATSON: Thank you.

MR. MOORE: Item 18, Docket No. 4-10-966, petition by Four Star Oil and Gas Company.

MR. WATSON: This comes on publication notice, a petition by Four Star, a subsidiary of Texaco, where we're requesting the Board to enter an order extending the temporary abandonment status of two wells in the Hatter's Pond Unit. I've prefiled an affidavit of testimony of Mr. Joseph Smith supporting the request. Mr. Smith has previously been qualified as an expert. I would ask that you receive the affidavit of testimony of Mr. Smith into the record of this hearing and make your recommendation based on the evidence contained therein.

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

(Whereupon, the affidavit was  
received in evidence)

MR. MOORE: Item 19, Docket No. 4-10-967, petition by Four Star Oil and Gas Company.

MR. WATSON: Four Star, a Texaco subsidiary that operates the Hatter's Pond unit, proposes to drill a new well and in doing so must lay a sour flowline to the plant. I have requested approval of the plan subject to this Board's standing practice of reviewing that construction prior to authorizing its operations. I have prefiled an affidavit of testimony of Warren Greenwalt in support of the request. Mr. Greenwalt has been previously

qualified as an expert. I would ask that you receive that affidavit into the record of this hearing and make your recommendation to the Board based on the evidence contained therein.

MR. ROGERS: The affidavit of Mr. Greenwalt is admitted into the record. Also, we are admitting a letter from him to Mrs. Dolores Burroughs at the Oil and Gas Board relating to this matter.

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

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

MR. MOORE: Item 20, Docket No. 4-10-968, petition by Sonat Exploration Company.

MR. WATSON: Mr. Rogers, if we could, that item plus 4-10-969, 4-10-9610, 4-10-9611, 4-10-9612 and 4-10-9613 could be consolidated for hearing purposes. I will move through those as rapidly as we can.

MR. ROGERS: All right. The petitions that you mentioned are consolidated for hearing purposes.

MR. WATSON: I have prefiled an affidavit of notice in Docket No. 4-10-968 and would ask that that be admitted into the record.

MR. ROGERS: The affidavit of notice is admitted.

(Whereupon, the affidavit was  
received in evidence)

MR. WATSON: I have prefiled an affidavit in support of the request to reform a unit -- an 80-acre unit in the White Oak Creek Coal Degasification Field to a 40-acre unit. The affidavit in support of this request has been prefiled by Gill Derrick with an attached plat showing the 80-acre unit and the reformed 40-acre unit. I would ask that you receive that affidavit of testimony with its attached exhibit into the record of this hearing and make your recommendation on the basis of the information contained therein.

MR. ROGERS: The affidavit of Mr. Derrick is admitted.  
That's a good name for an oil man, isn't it?

(Whereupon, the affidavit with  
attached exhibit was received in  
evidence)

MR. WATSON: Yeah, I hadn't thought about that. That's all I have on that item. If you would receive next the affidavit of notice for 4-10-969 which has been prefiled.

MR. ROGERS: The affidavit of notice is admitted.

(Whereupon, the affidavit was  
received in evidence)

MR. WATSON: Same type request where we're requesting the reformation of an 80-acre unit to a 40-acre unit. I have prefiled an affidavit of testimony by Mr. Derrick in support of this request with an attached exhibit. I would ask that that be admitted into the record and your recommendation based on the evidence contained therein.

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

(Whereupon, the affidavit with attached exhibit was received in evidence)

MR. WATSON: If you would, receive the next item, 9610, the prefiled affidavit of notice by me.

MR. ROGERS: The affidavit is admitted.

(Whereupon, the affidavit was received in evidence)

MR. WATSON: The same request, reforming an 80-acre unit in the White Oak Creek Field. Mr. Derrick has provided us with an affidavit of testimony in support with exhibit attached. We would ask that be made a part of the record and your recommendation based on that.

MR. ROGERS: The affidavit is admitted into the record. We will make a recommendation to the Board in review of that evidence.

(Whereupon, the affidavit with attached exhibit was received in evidence)

MR. WATSON: Receive into the record the prefiled affidavit of notice by me for 4-10-9611.

MR. ROGERS: Your request is granted. That affidavit is admitted.

(Whereupon, the affidavit was received in evidence)

MR. WATSON: Again, we're requesting the reformation of an 80-acre unit to a 40-acre unit in the White Oak Creek Coal Degasification Field. I have prefiled an affidavit of Mr. Gil Derrick in support thereof. I would ask that you make that a part of the record of this hearing and your recommendation on the basis of the evidence contained therein.

MR. ROGERS: The affidavit of Mr. Derrick is admitted. We will review the evidence and make a recommendation to the Board on all of these items.

(Whereupon, the affidavit with attached exhibit was received in evidence)

MR. WATSON: The affidavit of notice for the next item, 4-10-9612, I would ask that it be admitted.

MR. ROGERS: The affidavit of notice is admitted.

(Whereupon, the affidavit was received in evidence)

MR. WATSON: Also, I have prefiled an affidavit by Mr. Derrick in support of the reformation requested in this item. I would ask that it be made a part of the record.

MR. ROGERS: That affidavit is admitted.

(Whereupon, the affidavit with attached exhibit was received in evidence)

MR. WATSON: Last, the prefiled affidavit of notice in Docket 4-10-9613.

MR. ROGERS: The affidavit of notice is admitted.

(Whereupon, the affidavit was received in evidence)

MR. WATSON: The prefiled affidavit of testimony by Mr. Derrick in support of the reformation of this unit, I would ask that it be made a part of the record.

MR. ROGERS: That affidavit is also admitted.

(Whereupon, the affidavit with  
attached exhibit was received  
in evidence)

MR. WATSON: That's all I have on these consolidated items,  
Mr. Rogers, unless you have some questions on those.

MR. ROGERS: Just for the record, Mr. Watson, it's my  
understanding that the substance of the affidavits is that  
there's all common mineral ownership in the area and that Sonat  
is stating in the affidavits that they intend to drill an  
additional well on the additional 40 acre unit for all of these.

MR. WATSON: That's correct.

MR. ROGERS: For the record, the affidavits of notice and  
the affidavits of testimony are admitted in all of these matters.  
We will review the evidence and make a recommendation to the  
Board.

MR. WATSON: Thank you.

MR. ROGERS: Is there any other business for this hearing?  
(No response) The hearing is adjourned.

(Whereupon, the hearing was adjourned at 10:50 a.m.)

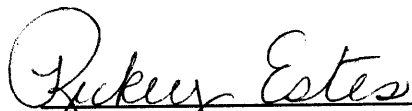
REPORTER'S CERTIFICATE

STATE OF ALABAMA                    ()

COUNTY OF TUSCALOOSA            ()

I, Rickey Estes, Hearings Reporter in and for the State of Alabama, do hereby certify that on Wednesday, April 10, 1996, 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 59 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