

EXHIBITS

| <u>TITLE</u> | <u>DESCRIPTION</u> | <u>OFFERED</u> | <u>RECEIVED</u> |
|-----------------------|--|----------------|-----------------|
| Board Exhibit | Order appointing M. Rogers Hearing Officer | --- | --- |
| Exhibit 1 (Item 4) | Exhibit submitted following hearing (8/30/96 letter to Board from R.J. Fritz) | --- | --- |

MC
10-11-96

MR

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

September 4, 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 4th of September, 1996.

BEFORE:

Mr. Marvin Rogers Attorney

BOARD STAFF

Dr. Donald F. Oltz Secretary and Supervisor

Mr. Gary Wilson Assistant Supervisor

Mr. Jay Masingill Assistant Supervisor

Dr. David Bolin Assistant Supervisor

(Reported by Rickey Estes)

PROCEEDINGS

(The Hearing was convened at 10:05 a.m. on Wednesday,
September 4, 1996, at Tuscaloosa, Alabama.)

MR. ROGERS: This hearing is in session. The members of the State Oil and Gas Board have appointed me as Hearing Officer to conduct this hearing on behalf of the Board. For the record, the Mobile paper advertised and published the wrong docket. With notice being improper, the State Oil and Gas Board cannot -- they are conducting the hearing but all the matters will have to be passed and continued until the next hearing of the Board on October 9 and 11.

"AGENDA

STATE OIL AND GAS BOARD MEETING

SEPTEMBER 4 & 6, 1996

"The meeting will begin at 10:00 a.m. on Wednesday, September 4, 1996, and Friday, September 6, 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. 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.

2. DOCKET NO. 5-15-963

Continued petition by PALMER PETROLEUM, 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 approving the enhanced recovery project for the Monroeville Field-Wide Oil Unit, Monroe County, Alabama, in order to qualify the project for the four percent (4%) privilege tax for the incremental oil or gas production from said Unit, in accordance with Section 40-20-1, et seq., Code of Alabama (1975), as amended.

The Unit Area of the Monroeville Field-Wide Oil Unit is located in Monroe County, Alabama, and is described as follows:

All of Section 13 and the Northeast Quarter
of Section 14, all in Township 6 North, Range
7 East, Monroe County, Alabama.

This petition is filed as a companion to petitions bearing Docket No. 5-15-961 requesting an amendment to Rule 1 of the Special Field Rules for the Monroeville Field to add to the field limits and Docket No. 5-15-962 requesting approval of the establishment of the Monroeville Field-Wide Oil Unit.

3. DOCKET NO. 9-4-961

Petition by KUKUI OPERATING COMPANY, INC., a foreign corporation authorized to do and doing business in the State of Alabama requesting the Board, pursuant to Sections 9-17-1, et. seq. Code of Alabama, (1975) and Rule 400-1-3-.06 of the State Oil and Gas Board of Alabama Administrative Code, to enter an order extending the temporarily abandoned status for the following coal degasification well located in Jefferson County, Alabama:

OAK GROVE COAL DEGASIFICATION FIELD - JEFFERSON COUNTY

| <u>PERMIT NO.</u> | <u>WELL NAME</u> | <u>LOCATION</u> |
|-------------------|------------------|--------------------|
| 9966-C | USX 36-12-146 | Sec. 36, T17S, R7W |

The previously established temporarily abandoned status for this well expires on or about September 6, 1996, and KUKUI Operating Company, Inc. is requesting this Board to grant a

six (6) month extension beginning September 6, 1996, because said well has future utility and should not be plugged.

4. DOCKET NO. 9-4-962

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 of 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 775 (Tract 96) No. 1 Well, in a 640-acre offshore wildcat gas drilling unit, whose force integration and pooling has been requested in Docket No. 7-17-967, said Unit being located in Baldwin County, 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 exemptions from Rule 400-3-3-.04 for drilling the Smackover and Norphlet formations in this well.

The petition in this cause is filed pursuant to Code of Alabama (1975) Sections 9-17-1 et seq. and in particular Sections 9-17-7 and 12, and State Oil and Gas Board of Alabama administrative Code Rules 400-1-1-.01 et seq. and 400-1-12-.01 et seq.

5. DOCKET NO. 9-4-963

Petition by MOON-HINES-TIGRETT OPERATING CO., INC., authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board pursuant to 9-17-13, Code of Alabama, 1975, as amended, and Rule 400-1-13-.01 of the Board's Administrative Code to enter an order force pooling, with imposition of the risk compensation fee, all tracts and interests in a 320-acre gas drilling and producing unit consisting of the N/2 of Section 25, Township 15 South, Range 12 West, in Fayette County, Alabama. Petitioner is proposing to re-enter the H.G. Woodward 25-5

No. 1 Well (Permit No. 3210) that was previously plugged and abandoned and which was formerly productive from the Carter Sand Gas Pool of the Musgrove Creek Field in Fayette County, Alabama.

Petitioner is requesting that the risk compensation fee allowed by 9-17-13, Code supra, as amended, be assessed against all nonconsenting owners. The objective formations for the proposed well include all potentially productive Pennsylvanian age formations.

6. DOCKET NO. 9-4-964

Petition by MAGUIRE OIL COMPANY, a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to extend the shut-in status of the Kelly Unit 2-2 NO. 1 Well, Permit No. 5498, located 1000 feet from the North line and 1652 feet from the East line of Section 2, Township 2 North, Range 7 East, Escambia County, Alabama, in the Smiths Church Field established by this Board in Order No. 88-168. The shut-in status for this well will expire and the Petitioner is requesting the Board to grant an additional six-month extension of the shut-in status for said well due to the

fact that the well has future utility and should not be plugged as such would constitute waste, and the granting of Petitioner's request will prevent waste, protect correlative rights, and avoid the drilling of unnecessary wells.

7. DOCKET NO. 9-4-965

Petition by SABA EXPLORATION 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 force pooling, with a risk compensation penalty, all tracts and interests in oil and gas produced from the Carter, Sanders and Lewis Sands from a well to be drilled on a unit consisting of the East Half of Section 17, Township 17 South, Range 15 West, Lamar County, Alabama, in the Fernbank 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.

8. DOCKET NO. 9-4-966

Petition by GURNEE GAS COMPANY, L.L.C., an Alabama limited liability company requesting the Board, pursuant to Sections 9-17-1, et. seq. Code of Alabama, (1975) and Rule 400-1-3-

.06 of the State Oil and Gas Board of Alabama Administrative Code, to enter an order extending the temporarily abandoned status for certain coal degasification wells located in the following areas in Shelby and Bibb Counties, Alabama:

GURNEE COAL DEGASIFICATION FIELD - BIBB COUNTY

| <u>TOWNSHIP/RANGE</u> | <u>SECTION</u> |
|-----------------------|---|
| T21S, R4W | 31 |
| T22S, R4W | 5, 6, 17, 18, 19, 20, 29, 30 |
| T22S, R5W | 1, 2, 11, 12, 13, 15, 21, 22, 23, 24, 25, 26, 28 |
| T24N, R10E | 2, 3 |
| T24N, R11E | 3, 4, 5, 6 |

GURNEE COAL DEGASIFICATION FIELD - SHELBY COUNTY

| <u>TOWNSHIP/RANGE</u> | <u>SECTION</u> |
|-----------------------|---|
| T20S, R3W | 31 |
| T21S, R3W | 5, 6, 17, 18, 19, 20, 29, 30, 31, 32 |
| T21S, R4W | 2, 10, 13, 14, 15, 16, 19, 20, 21, 22, 24, 25, 27, 29, 30, 31, 32, 33, 34, 35, 36 |
| T22S, R3W | 6, 7 |

| | |
|------------|--|
| T22S, R4W | 1, 2, 3, 4, 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23, 24, 36 |
| T24N, R11E | 1, 2 |

WILDCAT WELLS - BIBB COUNTY

| <u>TOWNSHIP/RANGE</u> | <u>SECTION</u> |
|-----------------------|----------------|
| T24N, R10E | 15 |

The previously established temporarily abandoned status for these wells expires on or about September 6, 1996, and Gurnee Gas Company, L.L.C. is requesting this Board to grant a six (6) month extension beginning September 6, 1996, because said wells have future utility and should not be plugged.

9. DOCKET NO. 9-4-967

Petition by 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 enter an order exempting petitioner from filing OGB-26 (Waste Liquids Manifest) in accordance with Rule 400-1-5-.08 of the State Oil and Gas Board of Alabama Administrative Code, relating to the transportation of waste liquids. Petitioner

is requesting that Form OGB-16 (Transporters and Storers Monthly Report) be filed in lieu of Form OGB-26 for coalbed methane wells operated by McCauley Operating Co., Inc. in Tuscaloosa County, Alabama.

10. DOCKET NO. 9-4-968

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 extending the temporary abandonment status of the T.R. Miller Mill - State Line Oil Trust 31-3 No. 1 Well, Permit No. 1776, located in Section 31, Township 1 North, Range 9 East, and the Miller Mill Co.- State Line Trust 32-5 Well, Permit No. 3260-B, located in Section 32, Township 1 North, Range 9 East, both in the Jay-Little Escambia Creek Unit, Escambia County, Alabama. Petitioner is requesting that the temporary abandonment status for said wells be extended for six (6) months from September 6, 1996, or until the next regular hearing of the State Oil and Gas Board following the expiration of six (6) months, in accordance with Rule 400-1-3-.06(2) of the State Oil and Gas Board of Alabama Administrative Code.

11. DOCKET NO. 9-4-969

Petition by SONAT EXPLORATION COMPANY, a Delaware corporation, requesting the State Oil and Gas Board, pursuant to Section 9-17-1, et seq. Code of Alabama, (1975), and Rule 400-1-3-.06 of the State Oil and Gas Board of Alabama Administrative Code, to enter an order extending the temporarily abandoned status for certain coal degasification wells in the White Oak Creek Coal Degasification Field located in Tuscaloosa and Walker Counties, Alabama, in the following areas:

Section 20, Township 17 South, Range 7 West

Sections 14 and 28, Township 17 South, Range 8 West

The previously granted temporarily abandoned status expires on or about September 6, 1996, and Sonat Exploration Company is requesting this Board to grant a six (6) month extension of the temporarily abandoned status beginning September 6, 1996, because the wells in the aforementioned sections have future utility and should not be plugged.

12. DOCKET NO. 9-4-9610

Petition by EDGE PETROLEUM 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 the continuation of a 160-acre wildcat drilling unit for the Edge Petroleum Corporation Wefel 29-1 No. 1 Well, Permit No. 11048, consisting of the South Half of the Southeast Quarter of Section 20, and the North Half of the Northeast Quarter of Section 29, all in Township 3 North, Range 8 East, Escambia County, Alabama. This notice complies with the requirements of the Board in Order No. 96-63 promulgated on March 26, 1996, establishing said drilling unit for a period of no more than six months.

13. DOCKET NO. 9-4-9611

Petition by TAURUS EXPLORATION, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status for six (6) months for the Teco Injection Well 26-8-224A-4400, Permit No. 9515-SWD-90-14, located in Section 26, Township 23 North, Range 5 East, Hale County, Alabama. Petitioner is requesting an exception to Rule 400-1-5-.04(4)(d) of the State Oil and Gas Board of Alabama Administrative Code which

specifies that permits for Class II injection wells expire six (6) months from the date of issuance if no fluids have been injected. Although Petitioner has not yet used said well, it may need to use said salt water disposal well in the future as additional coalbed methane wells begin production.

The previous temporarily abandoned status for this well expires on September 6, 1996, and Taurus Exploration, Inc. is requesting this Board to grant a six (6) month extension because said well has future utility and should not be plugged.

14. DOCKET NO. 9-4-9612

Petition by TAURUS EXPLORATION, INC., an Alabama corporation, requesting the State Oil and Gas Board, pursuant to Section 9-17-1, et seq. Code of Alabama, (1975), and Rule 400-1-3-.06 of the State Oil and Gas Board of Alabama Administrative Code, to enter an order extending the temporarily abandoned status for certain coal degasification wells in the Cedar Cove, Oak Grove, Moundville, and Big Sandy Creek Coal Degasification Fields located in Hale,

Tuscaloosa and Jefferson Counties, Alabama, in the following areas:

Section 6, Township 19 South, Range 6 West

Section 6, Township 22 South, Range 7 West

Section 30, Township 22 South, Range 8 West

Section 25, Township 22 South, Range 9 West

Sections 13 and 24, Township 23 North, Range 3 East

Sections 7, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20,

21, 22, 23, 24, 28, 29 and 30, Township 23 North,

Range 4 East

Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 17,

18, 19, and 20, Township 23 North, Range 5 East

Section 31, Township 24 North, Range 5 East

Sections 2, 3, 4, 9, 10, 14, 15, 16, 22, 23 and 24,

Township 24 North, Range 6 East

Sections 4, 5, 7, 8, 9 and 17, Township 24 North,

Range 7 East

The previously granted temporarily abandoned status expires on or about September 6, 1996, and Taurus Exploration, Inc. is requesting this Board to grant a six-month extension of the temporarily abandoned status beginning September 6,

1996, because all of the wells in the aforementioned Sections have future utility and should not be plugged.

15. DOCKET NO. 9-4-9613

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 approving an exceptional location for the McMillan 3-9 No. 1 Well, Permit No. 11030-B, drilled on a 160-acre wildcat drilling unit consisting of the South Half of the Northeast Quarter and the North Half of the Southeast Quarter of Section 3, Township 3 North, Range 9 East, Escambia County, Alabama. The actual bottom hole location for the McMillan 3-9 No. 1 Well is 462 feet FEL and 1,177 feet FSL of the 160-acre unit 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 states in part that such a well shall be located at least 660 feet from every exterior boundary of the unit.

By prior Board Order No. 96-71, issued on April 8, 1996, the Board approved an exceptional proposed bottom hole location

for said well being 505 feet FEL and 1,271 feet FSL of said 160-acre wildcat unit.

16. DOCKET NO. 9-4-9614

Petition by CITRONELLE OPERATING COMPANY, L.L.C, an Alabama limited liability company 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) approving a plan for a partial field-wide unit for a portion of the Citronelle Field, Mobile County, Alabama, to be known as the "Stallworth Unit" consisting of the hereafter described Unit Area in Mobile County, Alabama, and requiring the operation of said unit area as a partial field-wide unit in order: (i) to enhance, to improve and to maximize the ultimate recovery, the development, and the production of oil from the Unitized Formation: (ii) to avoid the drilling of unnecessary wells; (iii) to increase the efficiency of operations; (iv) to prevent waste, and (v) to protect the coequal and correlative rights of all interested parties.

The Unitized Formation is to be designated as the Rodessa Formation, defined as the productive interval found between the electric log depths of 10,680 feet and 11,590 feet in the Gulf Citronelle Unit #1 Well, Permit Number 619, operated by Unit Manager, Citronelle Unit located in the Southwest Quarter (SW/4) of the Southwest Quarter (SW/4) of Section 25, Township 2 North, Range 3 West, Mobile County, Alabama, and including those formations known as Pine Island and Sligo, and/or such other interval as may be ordered by the State Oil and Gas Board of Alabama.

The proposed Unit Area is designated as the Southeast Quarter of Northwest Quarter and the Northeast Quarter of Southwest Quarter of Section 27, Township 2 North, Range 3 West, Mobile County, Alabama, containing approximately eighty (80) acres.

Said petition further seeks entry of an order by this Board unitizing, pooling, and integrating the Unit Area, as underlain by the above-described unitized formation, into a partial field-wide unit so as to require all owners or claimants of royalty, overriding royalty, mineral, leasehold, and all other leasehold interests within said partial field-wide unit to unitize, pool, and integrate their interests and develop their lands or interests within said Unit Area as a partial field-wide unit. Said petition further seeks to have Citronelle Operating Company L.L.C. designated as operator of the Unit Area in accordance with the laws of the State of Alabama and seeks an order from the Board approving the form of the Unitization Agreement and the Unit Operating Agreement. Said petition further seeks the Board to enter an order amending the Special Field Rules for the Citronelle Field so as to provide for unitized operations for the proposed Stallworth Unit in conformity with the provisions of the Unit Agreement and Unit Operating Agreement for the proposed Stallworth Unit.

Filed as a companion to this petition is a petition bearing Docket No. 9-4-9615 requesting the Board to enter an order finding that the above-mentioned Unit Agreement and Unit Operating Agreement have been ratified in accordance with Section 9-17-84 of the Code of Alabama (1975).

17. DOCKET NO. 9-4-9615

Petition by CITRONELLE OPERATING COMPANY, L.L.C., an Alabama limited liability company 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) 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 for the Stallworth Unit in the Citronelle Field, Mobile County, Alabama.

This petition is filed as a companion to petition bearing Docket No. 9-4-9614, in which Petitioner requests approval of a plan for a partial field-wide unit.

18. DOCKET NO. 9-4-9616

Petition by MOBIL OIL EXPLORATION & PRODUCING SOUTHEAST, INC. (MOEPSI), a Delaware Corporation, authorized to do and doing business in the State of Alabama, whose address is 1250 Poydras Building, New Orleans, Louisiana 70113, and whose telephone number is (504) 566-5200, requesting the State Oil and Gas Board of Alabama to enter an Order abolishing the Special Field Rules for the Lower Mobile Bay-Mary Ann Field, Baldwin and Mobile Counties, Alabama, which were adopted by the Board in Order No. 80-209, and which were subsequently amended by the Board in Order Nos. 89-167, 92-39 and 96-119, and to rename the Special Field Rules for the Lower Mobile Bay-Mary Ann Field (Norphlet) Unit, Baldwin and Mobile Counties, which were adopted by the Board in Order No. 82-244, and which were subsequently amended by the Board in Order Nos. 89-166, 92-38 and 96-118, as the Special Field Rules for the Lower Mobile Bay-Mary Ann Field which will include Special Field Rules for the Lower Mobile Bay-Mary Ann Field (Norphlet) Unit.

19. 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.

20. DOCKET NO. 4-10-9614

Continued 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 failed 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).

"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, October 9, 1996, and Friday, October 11, 1996, in the Board Room of the State Oil and Gas Board Building, Tuscaloosa, Alabama. The notices for the October meeting should be filed on or before Monday, September 16, 1996. Petitions, exhibits, affidavits, and proposed orders must be filed on or before Wednesday, September 25, 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.

"Donald F. Oltz
Secretary to the Board
Oil and Gas Supervisor"

The Board has ordered the following: Item 1, Docket No. 1-31-962A, a petition by U.S. Steel Mining Company, Inc. will be continued. Item 2, Docket No. 5-15-963, a petition by Palmer Petroleum, Inc. will be continued. Item 3, Docket No. 9-4-961, is a petition by KuKui Operating Company, Inc. That petition will be continued with the stipulation that the temporarily abandoned status for the well be extended until the next regularly scheduled meeting of the Board. Item 4, Docket No. 9-4-962, is a petition by Mobil Oil Exploration and Producing Southeast, Inc. That petition will be dismissed without prejudice. Item 5, Docket No. 9-4-963, is a petition by Moon-Hines-Tigrett Operating Company, Inc. That petition will be continued. Item 6, Docket No. 9-4-964, is a petition by Maguire Oil Company. That petition will be continued with the stipulation that the shut-in status for the well be extended until the next regularly scheduled meeting of the Board. Item 7, Docket No. 9-4-965, a petition by Saba Exploration Company is continued. Item 8, Docket No. 9-4-966, is a petition by Gurnee Gas Company, L.L.C. That petition will be continued with the stipulation that the temporarily abandoned status for the wells be extended until the next regularly scheduled meeting of the Board. Item 9, Docket No. 9-4-967, is a petition by McCauley Operating Company. That petition is continued. Item 10, Docket No. 9-4-968, is a

petition by Exxon Company. That petition will be continued with the stipulation that the temporarily abandoned status for the well be extended until the next regularly scheduled meeting of the Board. Item 11, Docket No. 9-4-969, is a petition by Sonat Exploration Company. That petition is continued with the stipulation that the temporarily abandoned status for the wells be extended until the next regularly scheduled meeting of the Board. Item 12, Docket No. 9-4-9610, is a petition by Edge Petroleum Corporation. That petition is continued with the following stipulations: (1) that the drilling unit for the Wefel 29-1 No. 1 Well, Permit No. 11048, operated by Edge Petroleum Corporation or its successor as Operator, shall be the South Half of the Southeast Quarter of Section 20 and the North Half of the Northeast Quarter of Section 29, Township 3 North, Range 8 East, Escambia County, Alabama; (2) that should said well be completed as a producing well, the operator shall petition the Board in accordance with Section 9-17-12 of the Code of Alabama (1975) to establish the production unit for said well; (3) that the above-described unit consisting of said South Half of the Southeast Quarter of Section 20 and the North Half of the Northeast Quarter of Section 29, Township 3 North, Range 8 East, Escambia County, Alabama, shall terminate and expire on October 11, 1996; and (4) that upon commencing production of said well, the operator shall

escrow or make other provisions for the payment of royalties to the mineral interest owners based upon the final production unit ultimately established by the Board. Item 13, Docket No. 9-4-9611, is a petition by Taurus Exploration, Inc. That petition is continued with the stipulation that the temporarily abandoned status for the well be extended until the next regularly scheduled meeting of the Board. Item 14, Docket No. 9-4-9612, is a petition by Taurus Exploration, Inc. That petition is continued with the stipulation that the temporarily abandoned status for the wells be extended until the next regularly scheduled meeting of the Board. Item 15, Docket No. 9-4-9613, is a petition by Cobra Oil and Gas Corporation. I see Mr. Watson here. I understand, Mr. Watson, that you intend to file an emergency petition.

MR. WATSON: Yes, sir.

MR. ROGERS: We'll take a recess.

(The hearing was recessed for one minute)

MR. ROGERS: Item 15, Docket No. 9-4-9613, is a petition by Cobra Oil and Gas Corporation. That petition will be continued. Mr. Watson will be filing an emergency petition that will be set for Friday and presumably he will amend that petition -- the order will be approved and he would be amending that petition to make it permanent at the next hearing. Item 16, Docket No.

9-4-9614, is a petition by Citronelle Operating Company, L.L.C. That petition is continued. Item 17, Docket No. 9-4-9615, is a petition by Citronelle Operating Company, L.L.C. That petition is continued. Item 18, Docket No. 9-4-9616, is a petition by Mobil Oil Exploration and Producing Southeast, Inc. That petition is continued. Item 19, Docket No. 3-6-9637, is a Motion by the Board. The motion is continued. Item 20, Docket No. 4-10-9614, is a Motion by the Board. The motion is continued. Are there any changes or corrections or comments? (No response) The Board will convene at 10:00 on Friday and hear the emergency petition by Cobra. The hearing is adjourned.

(Whereupon, the Hearing was adjourned at 10:15 a.m.)

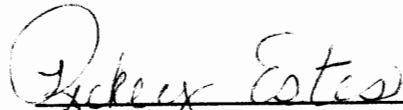
REPORTER'S CERTIFICATE

STATE OF ALABAMA ()

COUNTY OF TUSCALOOSA ()

I, Rickey Estes, Hearings Reporter in and for the State of Alabama, do hereby certify that on Wednesday, September 4, 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 31 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