

<u>WITNESS</u>	<u>INDEX</u>		
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2. Rick Fullmer	62-64	---	---
3. Steve Ginnings	73-82	---	84-85

MR

2-6-97

EXHIBITS

TITLE	DESCRIPTION	OFFERED	RECEIVED
Board Exhibit	Order appointing M. Rogers Hearing Officer	46	46
Exhibit 1 (Item 3)	Affidavit of testimony of Steve Sandlin	48	48
Exhibit 1 (Item 5)	Affidavit of testimony of T. Lee Washburn	50	51
Exhibit 1 (Item 6)	Affidavit of testimony with attachments of John Foster Tyra	51	51
Exhibit 1 (Item 9)	Affidavit of testimony of Jack J. Zagar	52	52
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Exhibit 1 (Item 17)	Affidavit of testimony of Carl Southern	54	55
Exhibit 2 (Item 17)	Affidavit of testimony of Robert T. Jorden	54	55
Exhibit 1 (Item 18)	Affidavit of testimony of Steven T. Wolf	61	61

EXHIBITS

TITLE	DESCRIPTION	OFFERED	RECEIVED
Exhibit 1 (Item 19)	Affidavit of testimony of Richard S. Mykitta	64	64
Exhibit 2 (Item 19)	Flow diagram, Fairway Field-Yellowhammer Plant	64	64
Exhibit 3 (Item 19)	Production allocation & reporting overview, Fairway Field-Yellowhammer Plant, Mobile County	64	64
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Exhibit 1 (Item 20)	Affidavit of testimony of L.D. Hartman	67	67
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Exhibit (1-2) (Item 23)	Affidavit of testimony of Rory Edwards	69	69
Exhibit 1 (Item 23)	Production graph, A.T.I.C. 34-4 No. 1, Northwest Smiths Church	69	69
Exhibit 2 (Item 23)	Production history, A.T.I.C. 34-4 No. 1, Northwest Smiths Church	69	69
Exhibit 1 (Item 24)	Affidavit of testimony of Joseph F. Smith, Jr.	70	70

EXHIBITS

<u>TITLE</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Exhibit 1 (Item 25)	Affidavit of testimony of William N. Phillips	71	71
Exhibit 2 (Item 25)	Affidavit of notice of William T. Watson	71	71
Exhibit 3 (Item 25)	9/25/96 letter to Board from James D. Martin	71	71
Exhibit 1 (Steve Ginnings)	Area map, South Ollie Field, Monroe County	85	85
Exhibit 2 (Steve Ginnings)	Well location map, Manning 26-7 No. 1, Sec. 26, T6N, R7E, Monroe County	85	85
Exhibit 3 (Steve Ginnings)	Structure map, Manning 26-7 No. 1, Sec. 26, T6N, R7E, Monroe County	85	85
Exhibit 4 (Steve Ginnings)	Isopach map, Manning 26-7 No. 1, Sec. 26, T6N, R7E, Monroe County	85	85
Exhibit 5 (Steve Ginnings)	Type log, Manning 26-7 No. 1, Sec. 26, T6N, R7E, Monroe County	85	85
Exhibit 5A (Steve Ginnings)	TVD type log, Manning 26-7 No. 1, Sec. 26, T6N, R7E, Monroe County	85	85

EXHIBITS

<u>TITLE</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Exhibit 6 (Steve Ginnings)	Cross section A-A', Sec. 26, T6N, R7E, Monroe County	85	85
Exhibit 7 (Steve Ginnings)	From OGB-9, Manning 26-7 No. 1, Sec. 26, T6N, R7E, Monroe County	85	85
Exhibit 8 (Steve Ginnings)	PVT reservoir study to Steve Ginnings from Ronald H. Anson	85	85
Exhibit 9 (Steve Ginnings)	Directional survey report, Manning 26-7 No. 1, Sec. 26, T6N, R7E, Monroe County	85	85
Exhibit 10 (Item 28)	Affidavit of testimony of Steve Ginnings	83	83
Exhibit 11 (Item 28)	Affidavit of confidentiality of Steve Ginnings	83	83

INCORPORATED BY REFERENCE

<u>TITLE</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Record relating to Docket No. 6-22-9417 and Order No. 94-103		66	66
Record relating to Docket No. 12-17-8710		67	67

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

October 9, 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 9th of October, 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

Ms. Jan Tolson Assistant Supervisor

Mr. Richard Hamilton Engineer

(Reported by Rickey Estes)

APPEARANCES

NAME	REPRESENTING
1. Robert E. Clute, Jr. P.O. Box 1724 Mobile, AL	Shell Offshore, Inc.
2. Richard M. Fullmer P.O. Box 576 Houston, TX 77001	Shell Offshore, Inc.
3. Jim Sledge Tuscaloosa, AL	Gurnee, Land Inc., Offshore Group
4. R.J. Fritz 1250 Poydras St. New Orleans,	Mobil Oil
5. Tom Joiner Tuscaloosa, AL	Mobil Oil
6. Carl Southern New Orleans, LA	Mobil Oil
7. Steve Jennings 810 8th Wichita Falls, TX 76301	Bridwell Oil Mgnt.
8. Mike Estep Jackson, MS	Bridwell
9. John Tyra Hamilton, AL	Saba
10. Bill Tucker Tuscaloosa, AL	Land, Inc.
11. Tom Watson Tuscaloosa, AL	----
12. Karen Bryan Tuscaloosa, AL	JGBF

PROCEEDINGS

(The hearing was convened at 10:00 a.m. on Wednesday,
October 9, 1996, at Tuscaloosa, Alabama)

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

DR. Oltz: 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

OCTOBER 9 & 11, 1996

The meeting will begin 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, University of Alabama Campus, Tuscaloosa, Alabama, to consider the following petitions:

1. DOCKET NO. 1-31-962C

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. 5-15-963A

Continued amended 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

Continued 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 October 11, 1996, and KUKUI Operating Company, Inc. is requesting this Board to grant a

six (6) month extension beginning October 11, 1996, because said well has future utility and should not be plugged.

4. DOCKET NO. 9-4-963A

Continued amended 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 Section 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 Woodward 25-5 Well that was previously plugged and abandoned and which was formerly located in the Musgrove Creek Field in Fayette County, Alabama.

Petitioner is requesting that the risk compensation fee allowed by Section 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 and Mississippian age formations.

5. DOCKET NO. 9-4-964

Continued 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.

6. DOCKET NO. 9-4-965

Continued 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.

7. DOCKET NO. 9-4-966

Continued 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 October 11, 1996, and Gurnee Gas Company, L.L.C. is requesting this Board to grant a six (6) month extension beginning October 11, 1996, because said wells have future utility and should not be plugged.

8. DOCKET NO. 9-4-967A

Continued amended 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.

9. DOCKET NO. 9-4-968

Continued petition by EXXON CORPORATION, a New Jersey corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order 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 October 11, 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.

10. DOCKET NO. 9-4-969

Continued 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 October 11, 1996, and Sonat Exploration Company is requesting this Board to grant a six (6) month extension of the temporarily abandoned status beginning October 11, 1996, because the wells in the aforementioned sections have future utility and should not be plugged.

11. DOCKET NO. 9-4-9610

Continued 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.

12. DOCKET NO. 9-4-9611

Continued 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 October 11, 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.

13. DOCKET NO. 9-4-9612B

Continued amended 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 October 11, 1996, and Taurus Exploration, Inc.
is requesting this Board to grant a six-month extension of
the temporarily abandoned status beginning October 11, 1996,

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

14. DOCKET NO. 9-4-9613

Continued petition by COBRA OIL & GAS CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order 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.

15. DOCKET NO. 9-4-9614

Continued 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).

16. DOCKET NO. 9-4-9615

Continued 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.

17. DOCKET NO. 9-4-9616

Continued 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.

18. DOCKET NO. 10-9-961

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the Board to extend the temporarily abandoned status for certain wells located in the Moundville Field, Tuscaloosa and Hale Counties, Alabama. Petitioner is the operator of record for these wells and desires to extend temporarily abandoned status in order that said wells can be re-entered and completed. Petitioner alleges that said wells have future utility. The wells are located in the following Sections:

Township 23 North, Range 4 East

Sections: 11, 12, 13 & 14

Township 23 North, Range 5 East

Sections: 3, 4, 5, 6, 7, 8, 9, 10
16, 17, 18, 19 & 20

Township 24 North, Range 4 East

Sections: 24 & 25

Township 24 North, Range 5 East

Sections: 19, 30 & 31

19 . DOCKET NO. 10-9-962

Petition by SHELL OFFSHORE INCORPORATED ("Shell"), a corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to grant approval of the commingling of State and Federal natural gas streams. Federal gas resources from Chevron USA Production Company ("Chevron") will be commingled with State gas sources originating from Shell's Fairway Field, Mobile County, Alabama, at a point downstream of Shell's Fairway Field gas allocation meter. The processing of Chevron gas will not change Shell's current State allocation and reporting methodology.

20. DOCKET NO. 10-9-963

Petition by MOBIL OIL EXPLORATION & PRODUCING SOUTHEAST, INC. ("Mobil"), a foreign corporation authorized to do and doing business in the State of Alabama, whose address is 1250 Poydras Building, New Orleans, LA 70113 and telephone number is 504/566-5200, requesting the State Oil and Gas Board of Alabama to enter an Order approving changes in

production metering so as to permit commingling of gas and all other production from the Lower Mobile Bay-Mary Ann (Norphlet) Unit, Baldwin and Mobile Counties, Alabama, to accommodate the processing/treatment of federal lease gas production along with state lease gas production and the processing/treatment of gas production from separate gas fields having separate ownerships and to modify for purposes of reporting, allocating and accounting said Unit's production a portion of the formula previously authorized by the Board in Order 94-103, dated June 24, 1994.

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.

21. DOCKET NO. 10-9-964

Petition by LONGLEAF ENERGY GROUP, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending Rule 2 of the Special Field Rules for the Pleasant Home Field, Covington County, Alabama, in order to re-define the Lower Hosston Oil Pool as being that portion

of the Lower Hosston Formation productive of hydrocarbons in the interval between measured depths of 8,717 feet (-8,454 subsea-TVD) and 10,214 feet (-9,951 subsea-TVD) as recorded on the Dual Induction/SFL/Gamma Ray Log for the Longleaf Energy Group, Inc. SMAK-Dixon 31-6 No.1 Well, Permit No. 10489, located in Section 31, Township 3 North, Range 15 East, Covington County, Alabama, including those strata productive of hydrocarbons which can be correlated therewith, and all zones in communication therewith and all productive extensions thereof.

This petition is filed as a companion to petition bearing Docket No. 10-9-965 requesting approval of a field-wide oil unit for the Pleasant Home Field to be known as the "Pleasant Home Field-Wide Oil Unit."

22. DOCKET NO. 10-9-965

Petition by LONGLEAF ENERGY GROUP, INC., an Alabama corporation, requesting the State Oil and Gas Board of Alabama to enter an order pursuant to Sections 9-17-1 through 9-17-32 and 9-17-80 through 9-17-88, Code of Alabama (1975), approving a field-wide oil unit for the Pleasant Home Field to be known as the "Pleasant Home Field-Wide Oil

Unit" consisting of the hereinafter described "Unit Area" in Covington County, Alabama, and requiring the operation of said Unit Area as a single field-wide unit for development and production of oil, gas, gaseous substances, condensate, distillate and all associated and constituent liquid or liquefiable substances within or produced from the unitized interval in order to prevent waste, to maximize recovery of the unitized substances, to avoid the drilling of unnecessary wells and to protect the coequal and correlative rights of interested parties.

The "Unitized Formation" is to be designated as that portion of the Lower Hosston Formation productive of hydrocarbons in the interval between measured depths of 8,717 feet (-8,454 subsea-TVD) and 10,214 feet (-9,951 subsea-TVD) as recorded on the Dual Induction/SFL/Gamma Ray Log for the Longleaf Energy Group, Inc. SMAK-Dixon 31-6 No.1 Well, Permit No. 10489, located in Section 31, Township 3 North, Range 15 East, Covington County, Alabama, including those strata productive of hydrocarbons which can be correlated therewith, and all zones in communication therewith and all productive extensions thereof.

The proposed "Unit Area" is designated as all of Section 31, Township 3 North, Range 15 East, Covington County, Alabama.

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 field-wide unit so as to require all owners or claimants of royalty, overriding royalty, mineral, leasehold and all other leasehold interests within said field-wide unit to unitize, pool and integrate their interests and develop their lands or interests within the Unit Area as a field-wide unit. Said petition further seeks to have Longleaf Energy Group, Inc. designated as operator of the Unit Area in accordance with the laws in the State of Alabama and seeks an order from the Board approving the Unit Agreement, the Unit Operating Agreement and the Ratification of said Agreements by seventy-five percent (75%) of the working interest owners and by seventy-five percent (75%) of the royalty and overriding royalty interest owners as required by Section 9-17-84, Code of Alabama (1975). Said petition also seeks approval of the amendments to the Special Field Rules for the Pleasant Home Field in order to conform to the

provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

This petition is filed as a companion to petition bearing Docket No. 10-9-964 requesting an amendment to Rule 2 of the Special Field Rules for the Pleasant Home Field.

23. DOCKET NO. 10-9-966

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 exception to Rule 15 of the Special Field Rules for the Northwest Smiths Church Field, Escambia County, Alabama, to allow continued flaring of the low pressure gas produced from the A.T.I.C. 34-4 No. 1 Well, Permit No. 10166, located in Section 34, Township 3 North, Range 7 East, Escambia County, Alabama, for twelve (12) months, subject to applicable standards for air and water pollution control.

By Order 96-38, dated March 8, 1996, the Board approved Petitioner's request to continue flaring the treated gas from the A.T.I.C. 34-4 No. 1 Well for a period of six months

or until the next regularly scheduled meeting of the Board following the expiration of said six-month period.

24. DOCKET NO. 10-9-967

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 of Alabama to enter an order extending the temporarily abandoned status for six (6) months for the following described gas-condensate well 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

The previous temporarily abandoned status for this well will expire on October 12, 1996, and Petitioner is requesting this Board to grant a six (6) month extension because the well is currently being evaluated for future utility and should not be plugged.

25. DOCKET NO. 10-9-968

Petition by PRUET PRODUCTION COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order force pooling, without the imposition of a risk compensation fee, all tracts and interests in a 160-acre unit for the A.T.I.C. 22-7 No. 1 Well, consisting of the Northeast Quarter of Section 22, Township 3 North, Range 7 East, Escambia County, Alabama, pursuant to Section 9-17-13, Code of Alabama (1975), and Rule 400-1-13-.01 of the State Oil and Gas Board of Alabama Administrative Code.

26. DOCKET NO. 10-9-969

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, 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, to be known as Unit 3D, consisting of the hereinafter described "Unit Area" in the Brookwood Coal Degasification Field, Tuscaloosa and Jefferson 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 210 feet and 2,342 feet as encountered in the U.S. Pipe & Foundry 18-15 No. 3 Well, Permit No. 4189-C, located in the W/2 of the SE/4 of Section 18, Township 20 South, Range 7 West, Tuscaloosa County, Alabama, as indicated on the density log of said well, and all zones in communication therewith and all productive extensions thereof, and including any coal seam stringer that might occur within a depth of 80 feet above and below this interval, and including those coal seams productive of unitized substances which can be correlated therewith. 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 Brookwood 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 Black Warrior Methane Corp. as operator of the Unit Area in accordance with the laws of Alabama. The proposed Unit Area to be designated Unit 3D consists of all of Sections 28, 29 and 30, Township 20 South, Range 7 West, Tuscaloosa County, Alabama.

27. DOCKET NO. 10-9-9610

Petition by SPOONER PETROLEUM COMPANY, a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an Order approving a 160-acre drilling unit for a wildcat well to be located 2,422 feet from the East line and 2,560 feet from the North Line of Section 23, Township 6 North, Range 7 East, being in the Northeast Quarter of said Section 23, to test the Haynesville, Smackover, and Norphlet formations, said unit being described as follows: Beginning at a point 1,980 feet North of the Southeast Corner of

Section 23, Township 6 North, Range 7 East, Monroe County, Alabama, and run thence North along the East line of said Section 23 for a distance of 1,980 feet; run thence West along the North line of the South half of the North half of said Section 23 for a distance of 3,520 feet; run thence South for a distance of 1,980 feet to a point on the South line of the North Half of the Northeast Quarter of the Southwest Quarter of said Section 23; run thence East for a distance of 3,520 feet to the point of beginning, said unit consisting of the North Half of the Northwest Quarter of the Southeast Quarter, the North Half of the Northeast Quarter of the Southeast Quarter, the Southeast Quarter of the Northeast Quarter, the Southwest Quarter of the Northeast Quarter, the East 2/3 of even width off the Southeast Quarter of the Northwest Quarter, and the East 2/3 of even width off the North half of the Northeast Quarter of the Southwest Quarter of Section 23, Township 6 North, Range 7 East, Monroe County, Alabama.

28. DOCKET NO. 10-9-9611

Petition by BRIDWELL OIL MANAGEMENT OF ALABAMA, 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 to enter an Order naming a new oil field in Monroe County, Alabama, and establishing Special Field Rules for said field to be known as "South Ollie Field", consisting of the North Half of Section 26, Township 6 North, Range 7 East, Monroe County, Alabama. The proposed field is underlain by the Norphlet Oil Pool as defined in the interval between measured depth of 12,138 feet and 12,189 feet as recorded on the Dual Induction SFL log for the Manning 26-7 No. 1 Well, Permit No. 11062-B, located in the Northeast Quarter of said Section 26. Petitioner is also requesting the establishment of production allowables and proposed well spacing pursuant to Special Field Rules will provide for 160-acre drilling and production unit.

29. DOCKET NO. 10-9-9612

Petition by JOHN LANG, d/b/a JABSCO OIL COMPANY, seeking establishment of a Unit consisting of the Northwest Quarter of Section 25 and the Northeast Quarter of Section 26, Township 17 South, Range 14 West, Lamar County, Alabama. Said Unit would be partially located in the Little Coal Fire Creek Field. This well is to be drilled as a productive extension of the Little Coal Fire Creek Field.

This petition is a companion to Docket No. 10-9-9613, seeking approval for drilling a well at an exceptional location in this unit, and Docket No. 10-9-9614, seeking force integration of said unit.

30. DOCKET NO. 10-9-9613

Petition by JOHN LANG, d/b/a JABSCO OIL COMPANY, seeking approval to drill a well at an exceptional location 332 feet from the South line and 2110 feet from the East line of a unit consisting of the Northwest Quarter of Section 25 and the Northeast Quarter of Section 26, Township 17 South, Range 14 West, Lamar County, Alabama. The well would be drilled as a productive extension of the Little Coal Fire Creek Field, Lamar County, Alabama. The field rules for the Little Coal Fire Creek Field would otherwise require that all wells be located at least 660 feet from the unit line.

This petition is a companion to Docket No. 10-9-9612 seeking approval for the establishment of a unit consisting of the Northwest Quarter of Section 25 and the Northeast Quarter of Section 26, Township 17 South, Range 14 West, Lamar County, Alabama, and Docket No. 10-9-9614, seeking force integration of said unit.

31. DOCKET NO. 10-9-9614

Petition by JOHN LANG, d/b/a JABSCO OIL COMPANY, 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 a unit consisting of the Northwest Quarter of Section 25 and the Northeast Quarter of Section 26, Township 17 South, Range 14 West, Lamar County, Alabama, which unit is partially located within the Little Coal Fire Creek Field, Lamar County, Alabama. 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 Administrative Code.

This petition is a companion to Docket No. 10-9-9612, seeking establishment of a Unit consisting of the Northwest Quarter of Section 25 and the Northeast Quarter of Section 26, Township 17 South, Range 14 West, Lamar County, Alabama, and Docket No. 10-9-9613, seeking approval for drilling a well at an exceptional location in this unit.

32. DOCKET NO. 10-9-9615

Petition by UNIT MANAGER, CITRONELLE UNIT, 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 approving and authorizing the Unit Manager to utilize the A-27-6 well located outside the Citronelle Unit boundaries for freshwater injection pursuant to Article 10.2 of the Unit Agreement, Citronelle Unit. Said Unit Agreement was approved by the State Oil and Gas Board on April 26, 1961. Citronelle Operating Company L.L.C., the current operator of the A-27-6 well, Permit No. 1580, has agreed to allow the Unit to utilize said well for freshwater injection in accordance to an Amendment to Oil and Gas Lease. Said Amendment has been signed and approved by the owners as costs are shared and by the royalty owners in the A-27-6 well located in the Citronelle Field, Mobile County, Alabama. The owners of the surface lands have also approved the use of the A-27-6 well for freshwater injection pursuant to a Surface Lease and Right-of-Way Agreement.

33. DOCKET NO. 10-9-9616

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, in the Little River Field. 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 96-81 issued on April 12, 1996, the Board granted an additional six (6) months for plugging and abandonment, and restoration of the location for said well.

34. 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.

35. 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.

36. DOCKET NO. 10-9-9617

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA for operator TC3 Operating Company to show cause why it should not be declared in violation of: (1) Rule 400-1-3-.07 of the State Oil and Gas Board of Alabama Administrative Code relating to Report of Well Plugging which states that within thirty (30) days of plugging, the operator shall file Form OGB-11 with the Board, and (2) Rule 400-1-5-.07 of the State Oil and Gas Board of Alabama Administrative Code relating to Restoration of Location which states that within ninety (90) days of abandonment of a well the well site shall be restored in a manner acceptable to the Supervisor. Section 9-17-32(a) of the Code of Alabama (1975), provides:

Any person who knowingly and willfully violates any provision of this article, or any rule, regulation or order of the Board made under this article shall, in the event a penalty for such violation is not otherwise provided for in this article, be subject to a fine not to exceed \$10,000 a day for each and every day of such violation and for each and every act of violation. . .

The alleged violations of the above-referenced Rules relate to the Paramount-ATIC 7-13 No. 1 (Permit No. 5930), located in Section 7, Township 4 North, Range 8 East; Paramount-ATIC 12-7 No. 1 (Permit No. 6448), located in Section 12, Township 4 North, Range 7 East; and the Paramount-ATIC 12-6 (Permit No. 7790-B) located in Section 12, Township 4 North, Range 7 East, in the Northwest Range Field of Conecuh County, Alabama.

37. DOCKET NO. 10-9-9618

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to extend the shut-in status for the following well operated by Tony L. Williams.

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>County</u>
6309	Williams 25-9	Sec. 25, T9S, R14W	Marion

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, November 13, 1996, and Friday, November 15, 1996, in the Board Room of the State Oil and Gas Board Building, Tuscaloosa, Alabama. The notices for the November meeting should be filed on or before Monday, October 21, 1996. Petitions, exhibits, affidavits, and proposed orders must be filed on or before Wednesday, October 30, 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

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 items beginning at 10:00 a.m. on Friday, October 11, 1996, here at the Board's office in Tuscaloosa. I will recommend that the following items be continued: Item 8, Docket No. 9-4-967A, petition by McCauley Operating Company, Inc.; Item 26, Docket No. 10-9-969, petition by Black Warrior Methane Corp.; Item 27, Docket No. 10-9-9610, petition by Spooner Petroleum Company; Item 29, Docket No. 10-9-9612, petition by John Lang, d/b/a Jabsco Oil Company; Item 30, Docket No. 10-9-9613, petition by John Lang, d/b/a/ Jabsco Oil Company; Item 34, Docket No. 3-6-9637, a Motion by the Board. I will recommend that Item 11, Docket No. 9-4-9610, a petition by Edge Petroleum Corporation be 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 November 15, 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 12, Docket No. 9-4-9611, is a petition by Taurus Exploration, Inc. I will recommend that this petition be continued with the stipulation that the temporary abandoned status for the well be extended until the next regularly scheduled meeting of the Board. Item 13, Docket No. 9-4-9612B, is a petition by Taurus Exploration, Inc. I will recommend that this petition be continued with the stipulation that the temporary abandoned status for the wells be

extended until the next regularly scheduled meeting of the Board. I will recommend that the following petitions be dismissed without prejudice: Item 15, Docket No. 9-4-9614, petition by Citronelle Operating Company, L.L.C.; Item 16, Docket No. 9-4-9615, petition by Citronelle Operating Company, L.L.C.; Item 31, Docket No. 10-9-9614, petition by John Lang, d/b/a/ Jabsco Oil Company. Are there any corrections or comments on those recommendations? (No response) The first item is Item No. 3, petition by KUKUI Operating, Inc.

MR. SLEDGE: Mr. Chairman, this is a petition by -- I'm Jim Sledge from Tuscaloosa representing the operator. This is a petition by KUKUI Operating seeking to extend the temporarily abandoned status on a single well located in the Oak Grove Coal Degasification Field in Jefferson County. We have prefiled an affidavit by Steve Sandlin which I would ask be admitted and would submit the matter on the basis of that affidavit.

MR. ROGERS: The affidavit is admitted.

(Whereupon, the affidavit was
received in evidence)

MR. ROGERS: Anything else, Mr. Sledge?

MR. SLEDGE: No, sir, unless you have something else.

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

MR. SLEDGE: Thank you.

MR. ROGERS: The next matter is Item 5, Docket No. 9-4-964, petition by Maguire Oil Company.

MR. PEARSON: What about Item 4?

MR. ROGERS: Ward, we have set that for the Board because you have requested the risk compensation fee. The policy has been that the full Board wants to hear those petitions with the risk compensation fee. We have set that for Friday at 10:00 a.m. I will state the items that are set for Friday at this point. Item 1, Docket No. 1-31-962C, petition by U.S. Steel Mining Company, Inc.; Item 2, Docket No. 5-15-963A, petition by Palmer Petroleum, Inc.; Item 4, Docket No. 9-4-963A, petition by Moon-Hines-Tigrett Operating Company, Inc. I should state that unless the Board changes its policy, whenever there is a petition for force pooling with imposition of the risk compensation penalty that the full Board hears those petitions. Item 7, Docket No. 9-4-966, petition by Gurnee Gas Company, L.L.C.; Item 21, Docket No. 10-9-964, petition by Longleaf Energy Group, Inc.; Item 22, Docket No. 10-9-965, petition by Longleaf Energy Group, Inc.; Item 32, Docket No. 10-9-9615, petition by Unit Manager, Citronelle Unit; Item 33, Docket No. 10-9-9616, petition by The Offshore Group, Inc.; Item 35, Docket No. 4-10-9614, a Motion by the Board relating to Moon-Hines-Tigrett Operating Company; Item

36, Docket No. 10-9-9617, a Motion by the Board relating to operator TC3 Operating Company; and Item 37, Docket No. 10-9-9618, a Motion by the Board relating to the Williams 25-9 Well.

MR. SLEDGE: Let me ask you about a couple of those. Did you intend for The Offshore Group matter to be heard on Friday? As I understood as of yesterday, we were going to do it this morning. It's not a problem if we are going to do it Friday, I just need to know.

MR. ROGERS: We have that set for the Board, Mr. Sledge.

MR. SLEDGE: On the Gurnee Gas matter -- I may have missed it when you went by it -- is that for Friday?

MR. ROGERS: That's for Friday.

MR. SLEDGE: All right because that's when the witness is going to be here.

MR. ROGERS: Mr. Brooker is here representing Maguire.

MR. BROOKER: My name is Stewart Brooker. I'm here on behalf of Maguire Oil Company. I would like to introduce the affidavit of T. Lee Washburn into evidence in this matter and ask that the Board grant the petition in this matter.

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

Item 6

Item 9

(Whereupon, the affidavit
was received in evidence)

MR. BROOKER: Thank you.

MR. ROGERS: Item 6, Docket No. 9-4-965B, petition by Saba Exploration Company.

MR. TYRA: Good morning. I'm John Tyra here on behalf of Saba. This is a request for force pooling without the imposition of risk compensation. It's for the East Half of Section 17, Township 17 South, Range 15 West, Lamar County, Alabama, in the Fernbank Field. I have prefiled an affidavit of August 21, 1996, concerning this matter and would ask that it be made a part of the record.

MR. ROGERS: The affidavit is admitted.

(Whereupon, the affidavit with
attachments was received
in evidence)

MR. TYRA: I would submit this matter to the Board on the basis of that affidavit.

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

MR. TYRA: Thank you.

MR. ROGERS: Item 9, Docket No. 9-4-968, petition by Exxon Corporation.

MR. WATSON: This is a petition by Exxon extending the temporary abandonment status of two wells in the Jay-Little Escambia Creek Field. I have prefiled an affidavit of testimony in support and would ask that it be admitted to the record and the petition granted based on the evidence contained in the supporting affidavit.

MR. ROGERS: I will just state for the record. Mr. Watson is here on behalf of Exxon. The affidavit is admitted. The staff will review the evidence and make a recommendation to the Board.

(Whereupon, the affidavit was
received in evidence)

MR. ROGERS: The next matter is Item 10, Docket No. 9-4-969, petition by Sonat Exploration Company.

MR. WATSON: This is also a request asking for the extension of temporary abandonment status of three wells in the White Oak Creek Coal Degasification Field. I have prefiled an affidavit of Gill Derrick and would ask that you admit it to the record and make a recommendation to the Board approving the petition based on the evidence contained in that affidavit.

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

(Whereupon, the affidavit was
received in evidence)

MR. ROGERS: Your client's name seems appropriate for oil
and gas doesn't it, Mr. Watson.

MR. WATSON: Gill Derrick, right.

MR. ROGERS: The next matter is Item 14, Docket No.
9-4-9613, petition by Cobra Oil and Gas Corporation.

MR. WATSON: I have prefiled an affidavit of notice in this
matter, Mr. Rogers, and would ask that it be admitted into the
record. I have also prefiled an affidavit of Michael Epsman, a
petroleum geologist, whose affidavit is on file supporting
Cobra's request for an exceptional location for a well that has
been drilled. Following the drilling of the well, an emergency
order was issued approving a revised bottom-hole location. The
affidavit supports the granting of this petition. I would ask
that you make that recommendation to the Board.

MR. ROGERS: The affidavit of notice is admitted. The
affidavit of Mr. Epsman is admitted.

MR. WATSON: If you would like an original plat, I have one.

MR. ROGERS: I see that we have some copies of the plat.
Perhaps we should just admit an extra copy of the plat into the
record too, Mr. Watson, as Exhibit 3. Would you like for us to
do that?

MR. WATSON: Yes, sir.

MR. ROGERS: A copy of the original plat will be admitted as an additional exhibit.

(Whereupon, the affidavits and
plat were received in evidence)

MR. ROGERS: The next item is Item 17, Docket No. 9-4-9616, petition by Mobil Oil Exploration and Producing Southeast, Inc.

MR. FRITZ: Good morning. My name is Robert Fritz. I'm an in-house attorney for Mobil in New Orleans. In connection with this petition relating to the Special Field Rules at the Lower Mobile Bay-Mary Ann Field, we have two sets of Special Field Rules, one for the field and one for the unit. The purpose of this petition is to combine the two into one set of Special Field Rules for the Lower Mobile Bay-Mary Ann Field that will include the provisions of the Special Field Rules for the Norphlet Unit. This will permit a more efficient operation and regulation of the field and the unit. I would ask that you give consideration to the affidavit submitted by Mr. Robert Jorden, attorney of record for Mobil, concerning this matter and recommend favorably to the Board its adoption.

MR. ROGERS: We have an affidavit here by Carl Southern, Mr. Fritz. Do you want that admitted into the record as well?

MR. FRITZ: Yes, please.

MR. ROGERS: The affidavit of Mr. Southern is admitted and the affidavit of Mr. Jorden is admitted.

(Whereupon, the affidavits were
received in evidence)

MR. ROGERS: Anything else?

MR. FRITZ: No, not on the petition, thank you.

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

MR. FRITZ: Thank you.

MR. ROGERS: The next matter is Item 18, Docket No. 10-9-961, petition by Land and Natural Resource Development, Inc.

MR. SLEDGE: Mr. Rogers, I have one witness that needs to be sworn.

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

MR. TUCKER: My name is William E. Tucker. My address is 611 McFarland Boulevard West, Northport, Alabama.

(Witness was sworn by Mr. Rogers)

MR. SLEDGE: Mr. Chairman, I'm here today on behalf of Land and Natural Resource Development, Inc. seeking an order either confirming or extending the temporarily abandoned status for 75 wells operated by Land and Natural Resource in the Moundville Field in Tuscaloosa and Hale Counties. These wells were taken

over by my client within the last several months. The former operator of record was TECO. I have prefiled and handed up today the original affidavit of Steven T. Wolf who is the president of the corporation regarding the plans for the wells and what the company is doing thus far. Mr. Tucker is here to make a very brief presentation and then answer any questions that the staff might have. Mr. Tucker, for background, have you previously testified before this Board and have your qualifications as an expert in the field of petroleum engineering been accepted?

MR. TUCKER: Yes.

WILLIAM E. TUCKER

Appearing as a witness on behalf of Petitioner, Land and Natural Resource Development, Inc., testified as follows:

DIRECT EXAMINATION

Questions by Mr. Sledge:

- Q. You serve as a consultant to Land and Natural Resource in the development of this field?
- A. That is correct.
- Q. Can you confirm Mr. Wolf's affidavit to the effect that the corporation took over these 75 wells from TECO in the last several months and became operator of record?
- A. Yes, I can.

- Q. Has Land and Natural Resource taken steps since becoming operator of record to hold the project together, extending leases and doing routine maintenance on the wells sites and the other facilities involved?
- A. Yes, that's correct.
- Q. What have you been doing in the last several months toward evaluating these wells and planning for the future?
- A. I'm the senior project engineer for this project. Most of our efforts for the past few months have been directed toward organizing consultants, the consulting firm of Steve Lambert and Mr. Murray and also Well Completion Services out of Lafayette, Louisiana, to design specific equipment to carry out our proprietary plans for remedial work in this field.
- Q. Some of these wells have previously been completed, others were either not completed or are only partially completed?
- A. That's correct.
- Q. Is it a fair summary to say that you are trying to evaluate ways or to plan ways that these wells can be further completed or recompleted and a testing program for doing that?
- A. That's correct.

- Q. In your opinion do these wells have future utility for the production of coalbed methane?
- A. It's our feeling and our recommendation to Land, Inc. that these wells do have great value in the natural gas that they will eventually produce. It's been part of our effort to design a program in which we can effectively produce gas from each and every coal seam in the field. It's our ballpark estimate that this would be in the 600 to 750 million range. This, of course, has a value of a million and a half to two million dollars -- future value, not discounted, dependent on gas prices.
- Q. Can the wells, if the Board chooses to grant our petition, be safely maintained for another six months -- up to another six months before activity is resumed?
- A. Yes. The wells are currently in a safe condition with swedges and valves in place. The equipment is secure and we maintain a continuous monitoring situation as far as vegetation and anything that might be extraordinary around the locations.
- Q. In your opinion would the granting of this petition prevent waste by preserving these valuable wells for the possibility of future production?

A. Yes, it should. We are very excited about our plans for this field. We feel that some of the procedures and systems and processes that we're innovating will be useful in not only the 75 in this group but it forms a group of 250 wells. There are another 1400 coal gas wells in the county. We hope some of this work will give us confidence in attacking those problems also.

MR. SLEDGE: This is all the questions that we would have for the witness at this time. We offer the witness for any questions the staff might have.

WILLIAM E. TUCKER

EXAMINATION BY STAFF

Questions by Mr. Wilson:

Q. Mr. Tucker, Mr. Wolf states in his affidavit that Land and Natural Resource Development has already conducted extensive studies relating to the wells in preparation of testing, for completing and recompleting the wells, and that the process for evaluating the wells and formulating plans for producing them is still underway. Is there an estimate of how much time will be involved in completing this review and extensive studies? Would six months be sufficient time to either test or complete the wells?

A. The pre-preparation work is essentially completed at this time. Part of our plans for this field -- we are actually designing special equipment to perform some of the -- one thing we intend to do is slot, instead of perforate. We're designing slotting tools and pump-horse power and rates and things. There will be a special unit somewhat similar to the service company units you see at Halliburton-Dowell but this unit will be specifically designed to work on coal gas wells. That's -- it's not a manufacturing process, it's an assembly of pumps and tanks and mixes and instrumentation and everything. It's more or less a completion of those units. There are three of the units in existence in south Louisiana and also in the tight gas sands of east Texas. These units are 500 horsepower -- two of them 500 and one of them 750. We are designing and constructing a 1000 horsepower unit. We also intend to build and construct our own workover rigs specifically designed for coal gas. We're not in the business to put fine service companies and independent contractors out of business but we feel that coal gas is an economic problem and that we have to contain and conserve our resources and watch our dollars and cents. When you're dealing with small volume gas wells, they have to pay for themselves. That's been the direction of our

program. When you take on this many wells and records and logs, it's a vast deluge of information to assimilate when it has been performed by someone else in reading reports and hiring consultants to critique those reports and critique our own ideas and everything. Basically that's finished and we're ready to start work.

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

(Whereupon, the affidavit
was received in evidence)

MR. ROGERS: The next matter is Item 19, Docket No. 10-9-962, petition by Shell Offshore, Inc.

MR. CLUTE: Mr. Rogers, members of the Board, my name is Robert Clute. I'm here today representing Shell Offshore, Inc. I have some extra copies of exhibits I would like to submit. Mr. Rogers, my witness is Mr. Rick Fullmer. I would ask that he be sworn.

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

MR. FULLMER: Rick Fullmer, 200 North Dairy Ashford, Houston, Texas 77001.

(Witness was sworn by Mr. Rogers)

MR. CLUTE: Mr. Rogers and members of the Board, Richard M. Fullmer is a Senior Facilities Engineer with Shell Offshore, Inc. He has a B.S. degree in Mechanical Engineering from Washington State University which he received in 1985. He has a total of eleven years experience with Shell in the design, construction and operation of facilities for oil and gas production, specific experience with offshore production handling and natural gas processing facilities, specific knowledge of surface facilities and gas allocation procedures associated with Fairway Field and Yellowhammer Plant, having supported the location for five years. Mr. Fullmer, is the summary of your expert qualifications which I have read, correct?

MR. FULLMER: Yes, it is.

MR. CLUTE: Mr. Rogers, we would ask that the Board accept Mr. Fullmer as an expert.

MR. ROGERS: He is recognized as an expert.

RICHARD M. FULLMER

Appearing as a witness on behalf of Petitioner, Shell Offshore, Inc., testified as follows:

DIRECT EXAMINATION

Questions by Mr. Clute:

Q. Mr. Fullmer, were you involved in the development of Shell's initial allocation reporting to the State of Alabama?

A. Yes, I was.

Q. Will all of Shell's state production continue to be properly metered and allocated to each state well in accordance with approved plans?

A. Yes, it will.

Q. Mr. Fullmer, would you please describe for the Board the gas delivery facilities that will be involved in this petition?

A. The federal gas will be separated -- bulk liquid separation will occur at the 864-B facility. Separated gas will be metered and transported to the Fairway Field where it will enter our pipeline system to the Yellowhammer Plant downstream of our allocation meter for the Fairway Field.

Q. I should also mention that in this petition Shell proposes to commingle separated raw gas production from the Chevron Block with production from the state leased Fairway Field Unit. The combined flow will be transported from the central facility in Fairway Field to the Yellowhammer Plant, correct?

A. Yes.

Q. When does Shell anticipate initiating commingling if this petition is granted?

A. On or around December 1 of this year.

Q. Will the gas delivery facilities be constructed and operated in accordance with standard industry practices?

A. Yes, they will.

Q. Are you familiar with the definition of "waste" under the Alabama statute and the State Oil and Gas Board rules and regulations?

A. Yes, I am.

Q. Will the granting of this petition avoid waste?

A. Yes, it will.

MR. CLUTE: Mr. Rogers, we have also prefiled the affidavit of Rick Mykitta. We would ask that that affidavit and the exhibits be admitted at this time.

MR. ROGERS: The affidavit of Mr. Mykitta and the exhibits are admitted.

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

MR. CLUTE: Mr. Rogers, we had also submitted some supplemental exhibits which we would like to withdraw.

MR. ROGERS: All right. Those will not be admitted into the record.

MR. CLUTE: At this time I would like to tender the witness to the Board for questions it might have.

MR. ROGERS: We will admit into the record also a fax that we have from the Commissioner of the Department of Conservation and Natural Resources relating to this matter. We will leave the record open for the original to be placed in the record when it arrives. It should be here probably today. That will be admitted into the record. The staff has no questions. We will review the evidence and make a recommendation to the Board.

MR. CLUTE: Thank you very much, Mr. Rogers.

MR. ROGERS: The next matter is Item 20, Docket No. 10-9-963, petition by Mobil Oil Exploration and Producing Southeast, Incorporated.

MR. FRITZ: Good morning. My name is Robert Fritz. I am the in-house attorney for Mobil Oil Exploration and Producing Southeast Inc., the petitioner in this matter. This matter is being submitted upon the affidavit of testimony of Mr. L.D. Hartman, a person I request the Board to accept as an expert in petroleum engineering. Mr. Hartman's affidavit of qualifications is on file with the Board. I offer and introduce into the record and request the Board to accept the affidavit of Mr. Hartman and the three exhibits he sponsors. I also request the Board to incorporate by reference into this hearing the record in Docket No. 6-22-9417, Order 94-103, and Docket 12-17-8710. This petition generally relates to the metering, measuring, allocation

or reporting of production from the Lower Mobile Bay-Mary Ann (Norphlet) Unit. The last time the Board addressed this matter was in Docket 6-22-9417. Essentially what is new is that Mobil has drilled a new well, the 95-5 Well, in the Mobile Bay Field. The production from that well will be treated in a gas plant that up to now has not treated Mary Ann Unit production. That new plant is the Mobile Bay 23 Plant. That plant treats traditionally federal gas. In essence, we are asking for commingling of federal and state production for the Mary Ann 95-5 well. All of this metering measurement is expressed in great detail in the affidavit and has been reviewed with the staff. We believe everything is agreed.

MR. ROGERS: Would you again state those docket numbers that you want the record incorporated?

MR. FRITZ: Yes. Docket No. 6-22-9417 and Order 94-103.

MR. ROGERS: Your request is granted. The record in that docket number and that order number is incorporated into this record.

(Whereupon, Docket No. 6-22-9417
and Order No. 94-103 were
incorporated by reference)

MR. FRITZ: There was a second docket matter that goes back to when Mobil first talked to the Board about licensing, if you will, the Mary Ann Gas Plant.

MR. ROGERS: Do you have that docket number?

MR. FRITZ: The Docket Number is 12-17-8710.

MR. ROGERS: Then the record in that docket number as well is incorporated into this record.

(Whereupon, Docket No. 12-17-8710

was incorporated by reference)

MR. FRITZ: That way you can trace the history of the metering measurement from day one to date. We ask for an effective date of the order of November 1, 1996, assuming the staff would make the recommendation to the Board to approve our petition and assuming the Board would accept the recommendation of the staff.

MR. ROGERS: You are requesting the effective date of the order be November 1?

MR. FRITZ: Yes, please.

MR. ROGERS: All right. The affidavit of Mr. L.D. Hartman is admitted into the record.

(Whereupon, the affidavit was
received into evidence)

MR. ROGERS: We have this supplement affidavit. Is it your request that this be admitted also?

MR. FRITZ: Yes, please. We would request the supplemental affidavit also be admitted.

MR. ROGERS: The supplemental affidavit of L.D. Hartman is admitted.

(Whereupon, the supplemental
affidavit was received in
evidence)

MR. ROGERS: Your affidavit?

MR. FRITZ: I don't think there is a need for my affidavit since I am here.

MR. ROGERS: The fax letter from James D. Martin, Commissioner of the Department of Conservation and Natural Resources, relating to this matter is also admitted. We will leave the record open for the original from Mr. Martin.

MR. FRITZ: Thank you.

MR. ROGERS: Anything else?

MR. FRITZ: No, Mr. Rogers.

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

MR. FRITZ: Thank you.

MR. ROGERS: The next matter is Item 23, Docket No. 10-9-966, petition by Cobra Oil and Gas Corporation.

MR. WATSON: I'm Tom Watson representing Cobra Oil and Gas. I have handed up an affidavit of testimony of Rory Edwards in support of an exception to the Special Field Rules for the Northwest Smiths Church Field to allow the A.T.I.C. 34-4 No. 1 Well to continue operating as it has for the past several months for an additional six months. I would ask that you admit this affidavit of testimony into the record, Mr. Rogers, and make your recommendation to the Board accordingly.

MR. ROGERS: The affidavit is admitted.

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

DR. BOLIN: Mr. Watson, did you say you requested an extension for six months? I think it was twelve months that was listed in the petition.

MR. WATSON: Yes, twelve months. I so routinely ask for six months. Because of the futility of trying to sell this gas and the expense of sending me before this august body, they have asked for a 12-month extension this time.

DR. BOLIN: Thank you for the clarification.

MR. WATSON: Thank you for pointing it out to me.

MR. ROGERS: The staff will review the evidence and make a recommendation to the Board. Item 24, Docket No. 10-9-967, petition by Four Star Oil and Gas Company.

MR. WATSON: Mr. Rogers, this is a request to extend the temporary abandonment status of the Hatter's Pond Unit 4-10 No. 2 Well. I have submitted an affidavit of testimony of Joe Smith in support of this request. I would ask that the affidavit be made a part of the record today and that you recommend to the Board the approval of this extension.

MR. ROGERS: The affidavit of Mr. Smith is admitted into the record. The staff will review the evidence and make a recommendation to the Board.

(Whereupon, the affidavit was
received in evidence)

MR. ROGERS: The next matter is Item 25, Docket No. 10-9-968, petition by Pruet Production Company.

MR. WATSON: Mr. Rogers, I have prefiled an affidavit of notice in this matter and would ask that it be admitted to the record. I've also prefiled an affidavit of testimony of William N. Phillips, a landman for Pruet, wherein he sets out the acreage that is not under the control of Pruet, being five net mineral acres. I have also prefiled or you have been furnished with a copy of a letter to Dr. Oltz from the Department of Conservation

where they do not object to this force pooling since it's State-owned property and we're not asking for the imposition of the risk compensation fee. I would ask that you admit to the record the affidavit of notice, the affidavit of testimony in support, and Mr. Griggs' letter to Dr. Oltz.

MR. ROGERS: All right. The affidavit of Mr. Watson, the affidavit of Mr. Phillips, and Mr. Griggs' letter to Dr. Oltz are admitted.

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

MR. ROGERS: Mr. Watson, one question, I assume that this means that the only nonconsenting owner is the State of Alabama?

MR. WATSON: That's correct. I ask that you make a recommendation to the Board to enter a force pooling order in this matter.

MR. ROGERS: The staff will review the evidence and make a recommendation to the Board. The next matter is Item 28, Docket No. 10-9-9611, petition by Bridwell Oil Management of Alabama, L.L.C.

MR. ESTEP: Mr. Rogers, my name is Mike Estep. I represent the petitioner, Bridwell Oil Company and Bridwell Oil Management of Alabama, L.L.C. This is a petition to establish Special Field

Rules at the proposed South Ollie Field in Monroe County, Alabama. I will have one witness, Mr. Steve Ginnings.

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

MR. GINNINGS: Steve Ginnings, 810 8th Street, Witchia Falls, Texas 76301.

(Witness was sworn by Mr. Rogers)

MR. ESTEP: Mr. Ginnings, please state your full name and address for the record.

MR. GINNINGS: Steve Ginnings. Address is 810 8th Street, Witchia Falls, Texas 76301.

MR. ESTEP: By whom are you employed and in what capacity?

MR. GINNINGS: I'm employed by Bridwell Oil Management of Alabama, L.L.C. in the capacity of petroleum engineer.

MR. ESTEP: Please tell us about your educational background and work experience in the field of petroleum engineering.

MR. GINNINGS: I have a B.S. degree from Texas A & M University in Petroleum Engineering. I graduated in 1985 and have been employed by Bridwell for eleven years.

MR. ESTEP: Have you previously testified as an expert in the field of petroleum engineering before the corresponding oil and gas regulatory agency for the State of Texas?

MR. GINNINGS: Yes.

MR. ESTEP: Were your qualifications as an expert in petroleum engineering accepted by that agency?

MR. GINNINGS: Yes.

MR. ESTEP: Are you familiar with the rules and regulations of the Alabama State Oil and Gas Board?

MR. GINNINGS: Yes.

MR. ESTEP: Mr. Rogers, I would request that Mr. Ginnings be admitted as an expert in the field of petroleum engineering.

MR. ROGERS: He is so recognized.

STEVE GINNINGS

Appearing as a witness on behalf of Petitioner, Bridwell Oil Management of Alabama, L.L.C., testified as follows:

DIRECT EXAMINATION

Questions by Mr. Estep:

Q. Mr. Ginnings, have you prepared or have you had prepared under your supervision and control the exhibits which we have previously filed with the Oil and Gas Board staff and which have been handed out today in connection with this docket?

A. Yes.

Q. What exhibits have you prepared or were prepared under your supervision and control?

- A. I've prepared nine exhibits that were bound and handed out today.
- Q. Please turn to Exhibit No. 1 and tell us about that exhibit.
- A. Exhibit 1 is a map showing the general vicinity of the proposed South Ollie Field in Monroe county. It shows all wells that have been drilled in that general vicinity and highlights the proposed field limits as well as the other wells that are completed in the Norphlet sand.
- Q. The proposed field limits include the entire North Half of Section 26, is that correct?
- A. Yes.
- Q. Describe for us Exhibit No. 2, please.
- A. Exhibit 2 is a plat of Section 26 that shows both the surface and bottom-hole locations of our Manning well.
- Q. Turning back to Exhibit 1 for just a moment. Have you reviewed the reservoirs depicted on this area map?
- A. Yes, sir.
- Q. Based upon your knowledge of these various reservoirs, is it your opinion that the pool encountered by the Manning 26-7 Well is, in fact, a separate reservoir, separate from and not in communication with any and all other reservoirs in the area?
- A. Yes.

- Q. Without going into great detail at this time, could you explain your basic reasons for this opinion as to why the Manning well is a separate reservoir?
- A. The oil that we are currently producing from the Manning well is of a gravity that is different from all other Norphlet wells in this area. The discovery pressure was different and the bubble-point pressure as measured in the PVT analysis was different from all other reservoirs in this same area.
- Q. In your opinion based upon the foregoing, is this a reasonable justification for creating a separate pool for the reservoir encountered by the Manning well?
- A. Yes.
- Q. Now looking at Exhibit 2, this depicts the drilling unit for the Manning 26-7 Well as being the Northeast Quarter of Section 26, Township 6 North, Range 7 East, and the bottom-hole location of said well in the unit, does it not?
- A. Yes.
- Q. The bottom-hole location as shown on this plat indicates the same is at least 660 feet from all exterior boundaries of the unit, is that correct?
- A. Yes.

- Q. Turn to Exhibit 3. Would you explain what this exhibit depicts, please?
- A. Exhibit 3 is a map of the Norphlet sand structure that is contoured on the top of the sand itself. It also shows the surface and bottom-hole locations of our well and the subsea depth at which the sand porosity was encountered.
- Q. Mr. Ginnings, based upon the data that you have obtained from the drilling of the Manning 26-7 well as well as the 3-D seismic information you have evaluated, does the outline or shape of the Norphlet structure for the proposed South Ollie Field represent your best opinion of the size and shape of this reservoir?
- A. Yes.
- Q. In your opinion, is this interpretation reasonable?
- A. Yes.
- Q. Please turn now to Exhibit 4 and explain for us what this exhibit is intended to depict.
- A. Exhibit 4 is an isopach map of the Norphlet sand porosity thickness. It also shows the surface and bottom-hole locations and a thickness in the well itself of 39 net feet.
- Q. Based on this exhibit, would you expect that a well drilled within the 30-foot contour would encounter hydrocarbons in communication with and correlative to the Norphlet Oil Pool

as defined or as specified in the proposed Special Field Rules?

A. Yes.

Q. Turn to Exhibit 5 and explain that exhibit, please.

A. Exhibit 5 is a copy of the measured depth induction log on this well. It shows the top and bottom extent of the Norphlet sand interval as well as the interval which was perforated in the sand.

Q. Is this the log that we are asking the Board to use to define the productive interval for the Norphlet Oil Pool in the South Ollie Field?

A. Yes, it is.

Q. Turn to Exhibit 5-A, if you would, please. What does this exhibit show?

A. Exhibit 5-A is the true vertical depth log of this same well. It shows also the top and bottom of the Norphlet sand interval as well as the top and bottom of the perforated interval.

Q. In your opinion, is the pool encountered by the Manning 26-7 well a separate and distinct oil reservoir in the Norphlet formation?

A. Yes.

- Q. Now, if you would, turn to Exhibit 6, Mr. Ginnings. Please explain what this exhibit shows.
- A. Exhibit 6 is a cross section that extends from the Araxas Ruple well up through the Araxas Scruggs well to the BTA Rawlinson and on to our well. It shows the separation of the various Norphlet sand reservoirs in the area.
- Q. In your opinion does this exhibit clearly indicate that the reservoirs encountered by these various wells are separate and distinct and not in communication.
- A. Yes.
- Q. If you would, turn to Exhibit No. 7 and explain that for us.
- A. Exhibit 7 is a copy of the Form OGB-9 which has been filed with the Oil and Gas Board showing an initial production rate on this well of 249 barrels a day, an initial gas rate of 426 Mcfd, and an initial flowing pressure of 1,138 psi.
- Q. Exhibit 8.
- A. Exhibit 8 is a summary of the PVT test that was run on a sample of the oil and gas from this well. It describes the initial reservoir pressure of 5,287 psi, the bubble point pressure of 3,820 psi, and states that the reservoir at the time of discovery was a single phase liquid hydrocarbon reservoir.
- Q. Turn to Exhibit No. 9. Tell us about that exhibit, please.

A. Exhibit 9 is the last page of our directional survey. It shows that at the total depth of our deviated hole that the location of such was approximately 290 feet North and 619 feet East of the original surface location.

Q. All right. Mr. Ginnings, if you would -- I believe you indicated that Exhibit 7 shows initial production to be 249 barrels of oil per day. Would you tell us about production in this well since that initial test, please?

A. This well went back on line on September 11. Since that time the oil production has declined to a rate of approximately 123 barrels per day. The gas has declined to approximately 213 barrels per day and the flowing pressure is approximately 380 psi. That's as of October 6.

Q. Would you turn back to Exhibit 4, please. Exhibit 4 is the isopach map for the top of the Norphlet sand. Is that correct?

A. Yes.

Q. It shows a portion of the Southeast Quarter of Section 26 being within the limits of the zero contour. Is that correct?

A. Yes.

Q. Based upon your knowledge as an expert in the field of petroleum engineering and the information you have evaluated

in connection with the 3-D seismic as well as the production history for the well to date, do you have an opinion as to whether any hydrocarbons from the Southeast Quarter of Section 26 will contribute to production from the Manning unit?

A. Based on what I know right now up to this point, I do not believe that any hydrocarbons will be produced from the southeast quarter.

Q. Mr. Ginnings, the Manning 26-7 well is now producing oil and in addition some gas, is it not?

A. Yes.

Q. That gas is now being flared?

A. Yes.

Q. Will it be necessary to continue to flare gas for the next 90 days while Bridwell diligently seeks a market for that gas?

A. Yes.

Q. Mr. Ginnings, is the well data that Bridwell has filed in connection with the Manning 26-7 well unique for purposes of evaluating the well, determining reserves, and planning additional oil and gas development?

A. Yes.

Q. Is this information valuable to Bridwell? Was it acquired at considerable expense and is it customarily treated in the oil and gas industry as proprietary and confidential?

A. Yes.

Q. Is Bridwell requesting that the well data continue to be held confidential until the six-month period for confidential status expires?

A. Yes.

Q. Mr. Ginnings, the petition that Bridwell has filed asking the Board to enter an order establishing Special Field Rules for the South Ollie Field would encompass the entire North Half of Section 26. Is this request based upon the information that you have just testified to?

A. Yes.

Q. Have you reviewed the proposed Special Field Rules for this pool as set forth in the petition?

A. Yes.

Q. Will the adoption by the Board of these Special Field Rules for this pool provide for the orderly and economic development of this reservoir?

A. Yes.

Q. Will the adoption of the Special Field Rules prevent "waste" as that term is defined in the laws of the State of Alabama?

A. Yes.

Q. Will coequal and correlative rights of the owners be protected by the adoption of these rules?

A. Yes.

Q. Have you read the petition that has been filed with the Board?

A. Yes.

Q. Are the facts set forth therein to the best of your knowledge, information, and belief, true and correct?

A. Yes.

MR. ESTEP: Mr. Rogers, I would ask that we admit the affidavit of confidentiality that has been prefiled with the Board. Also, Mr. Ginnings has prefiled an affidavit of testimony that we would like be admitted into the record, along with the exhibits that we have handed the Board today.

MR. ROGERS: Let's see. I'm looking for the affidavit of confidentiality.

MR. ESTEP: That was just -- Rickey may still have that. That was just done today.

MR. ROGERS: The affidavit of confidentiality is admitted. You had requested that the logs be kept confidential for the remainder of the six-month period. That request is granted.

(Whereupon, the affidavit was
received in evidence.)

MR. ROGERS: We also have this affidavit of the petroleum engineer also admitted in addition to the testimony today?

MR. ESTEP: Yes.

MR. ROGERS: This affidavit is admitted.

(Whereupon, the affidavit was
received in evidence)

MR. ESTEP: Marvin, one other note before we offer the witness to the staff for questioning. We requested that we be allowed to flare gas for a 90-day period. If the Board would consider this favorably we would ask that that be 90 days or until the next regularly scheduled meeting of the Board after the 90-day period, if we have a day or two lag time.

MR. ROGERS: We will consider that and make a recommendation to the Board on that request. You requested to admit these exhibits. The exhibits that we have, we don't have a signed copy. We need to have a signed copy to be admitted. Did you have one, Mr. Estep? If not, we can just sign this copy -- have

your witness sign this copy. I think we have some questions from the staff.

EXAMINATION BY STAFF

Questions by Mr. Wilson:

- Q. Mr. Ginnings, did the Manning 26-7 well encounter a water level?
- A. No, sir, we don't believe it did.
- Q. So if indeed there is a water level in this reservoir, the extent of the reservoir would be somewhat less in your zero isopach line?
- A. Yes, sir.

Questions by Dr. Oltz:

- Q. I've got a couple of questions related to Exhibit 4. You mentioned that this was an isopach map but I think I heard you also say this was a porosity thickness map. Is it a total sand thickness or is it a porosity map?
- A. It is a net porosity thickness.
- Q. It is a net porosity?
- A. Yes, sir.
- Q. Can I ask what control you had to contour this thing in the southeast quarter?
- A. This map was constructed based on a 3-D seismic inversion. The inversion shows or is intended to show porosity. I

simply took, in consulting with our geologist, the point on that inversion of which they say the porosity becomes uneconomic to pursue and drew that as my zero line. In drawing the zero line off that seismic data, it did extend into the southeast quarter.

Q. So there is porosity in the southeast quarter and there is no water leg to this well?

A. There is no water leg that we know of at this point. We have no way of knowing -- we only know that there is not a water leg below the bottom of the sand in our well at that structural point. There could be at some lower point.

DR. OLTZ: That's all I have.

MR. ROGERS: Anything else, Mr. Estep?

MR. ESTEP: That's all.

MR. ROGERS: If you would, have your witness sign each exhibit. The exhibits are admitted subject to being signed. The staff will review the evidence and make a recommendation to the Board on the petition and on your request for flaring.

(Whereupon, the exhibits were
received in evidence)

MR. ROGERS: Any other matters to be heard by the Hearing Officer and the staff? (No response) The hearing is adjourned.

(Whereupon, the Hearing was adjourned at 11:00 a.m.)

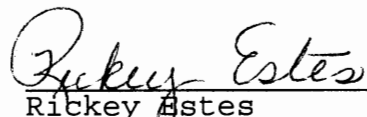
REPORTER'S CERTIFICATE

STATE OF ALABAMA ()

COUNTY OF TUSCALOOSA ()

I, Rickey Estes, Hearings Reporter in and for the State of Alabama, do hereby certify that on Wednesday, October 9, 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 85 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