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3.	Bob Knisely	50-54	---	---

5-15-98

MCW

MR

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Board Exhibit	Hearing Officer Order	21	21
Exhibit 1 (Item 11)	Affidavit of testimony (Michael M. Gable)	23	23
Exhibit A (1-6) (Item 12)	Affidavit of testimony (Robert Hull)	24	24
Exhibit 1 (Item 12)	Index map, Blowhorn Creek, Blooming Grove (Robert Hull)	24	24
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Exhibit 4 (Item 12)	Type log, Morrison 36-4 Blooming Grove (Robert Hull)	24	24
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EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 6 (Item 12)	Form OGB-9 Morrison 36-4 Blowhorn Creek Field (Robert Hull)	24	24
Exhibit 7 (Item 12)	Affidavit of notice (Mark A. Scogin)	24	24
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Exhibit 1 (Items 17 & 18)	Affidavit of testimony with attached plat (Stephen T. Blackburn)	39	39
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EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 3 (Items 17 & 18)	Affidavit of notice (William T. Watson)	38	39
Exhibit 1 (Item 19)	Affidavit of testimony (R.G. Sanders)	40	40
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Exhibit A (1-10) (Item 22)	Affidavit of testimony (William W. Pecue, III)	41	41
Exhibit 1 (Item 22)	Unit map, Hatter's Pond Unit Mobile County (Warren Greenwalt)	41	41
Exhibit 2 (Item 22)	Hatter's Pond Unit data sheet (Warren Greenwalt)	41	41
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Exhibit 4 (Item 22)	Skin damage examples, Hatter's Pond Unit 4-10 #2 ST Hatter's Pond Unit (Warren Greenwalt)	41	41

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Exhibit 5 (Item 22)	Nodal analysis Hatter's Pond Unit (Warren Greenwalt)	41	41
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Exhibit 1 (Item 24)	Affidavit of testimony (Dennis Romero)	43	43

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EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 2 (Item 24)	Wellbore schematic diagram, Annie M. Hill Unit 9 No. 2 Well, Movico Field (Dennis Romero)	43	43
Exhibit A (Item 26)	Affidavit of notice (William T. Watson)	47	48
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Exhibit 3 (4-8-9822)	Proof of publication (The Birmingham News)	56	56
Exhibit 4 (4-8-9822)	Proof of publication (The Mobile Press Register)	56	56
Exhibit 5 (4-8-9822)	Proof of publication (The Montgomery Advertiser)	56	56

EXHIBITS
INCORPORATED BY REFERENCE

<u>(DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Testimony relating to Docket No. 1-7-981	42	42

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

April 8, 1998

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 8th of April, 1998.

BEFORE:

Mr. Marvin Rogers..... Attorney

BOARD STAFF

Dr. Donald F. Oltz Secretary and Supervisor

Mr. Jay Masingill.....Assistant Supervisor

Mr. Gary Wilson.....Assistant Supervisor

Dr. David Bolin.....Assistant Supervisor

Mr. Richard Hamilton..... Engineer

Mr. Frank Hinkle Geologist

APPEARANCES

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	NAME	REPRESENTING
1.	Duane Graham Mobile, AL	Union Oil Co.
2.	Dennis Romero Sugar Land, TX	Union Oil Co.
3.	Tom Watson Tuscaloosa, AL	----
4.	Joe Powell Tuscaloosa, AL	---
5.	John Tyra Hamilton, AL	KWB Oil Property
6.	C.T. Jackson Dallas, EX	Maguire Oil Co.
7.	Robert Wood Tuscaloosa, AL	---
8.	Mark Scogin Tuscaloosa, AL	Germany
9.	Mark Eppes Jackson, MS	KWB
10.	Bob Land Tuscaloosa, AL	Lazenby
11.	Bill Knisely Pensacola, FL	De Soto Oil & Gas

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PROCEEDINGS

(The hearing was convened at 10:00 a.m. on Wednesday,
April 8, 1998, 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
APRIL 8 & 10, 1998

The meeting will begin at 10:00 a.m. on Wednesday, April 8, 1998, and Friday,
April 10, 1998, 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. 11-12-974A

Continued petition by MUNOCO 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 establishing a new oil field in Lamar County,
Alabama, to name the Hightog Oil Field, or such other name as the Board deems
proper, and to adopt Special Field Rules therefor. The proposed field, as
underlain by the Carter Sand Oil Pool, consists of the Southeast Quarter of the
Northeast Quarter of Section 10, Township 16 South, Range 15 West, Lamar
County, Alabama. The Carter Sand Oil Pool should be defined as that interval of
the Carter sand productive of hydrocarbons between 4,506 and 4,532 feet as
indicated on the dual induction log for the G.C.Curry Estate 10-8 No. 1 Well,
Permit No. 11220, located on a 40-acre unit consisting of the Southeast Quarter of

1 the Northeast Quarter of Section 10, Township 16 South, Range 15 West, Lamar
2 County, Alabama, and all zones in communication therewith and all productive
3 extensions thereof. Petitioner is requesting well spacing of approximately 40
4 contiguous acres and the establishment of production allowables.

5
6 2. DOCKET NO. 11-12-9713

7 Continued petition by PALMER PETROLEUM, INC., a foreign corporation
8 authorized to do and doing business in the State of Alabama, requesting the State
9 Oil and Gas Board of Alabama to enter an order pursuant to Sections 9-17-1
10 through 9-17-32 and 9-17-80 through 9-17-88, *Code of Alabama* (1975),
11 approving a field-wide oil unit for the North Monroeville Field to be known as the
12 "North Monroeville Field-Wide Oil Unit" consisting of the hereinafter described
13 "Unit Area" in Monroe County, Alabama, and requiring the operation of said Unit
14 Area as a single field-wide unit for pressure maintenance, enhanced recovery,
15 development and production of oil, gas, gaseous substances, condensate, distillate
16 and all associated and constituent liquid or liquefiable substances within or
17 produced from the unitized interval in order to prevent waste, to maximize
18 recovery of the unitized substances, to avoid the drilling of unnecessary wells, and
19 to protect the coequal and correlative rights of interested parties.

20
21 The "Unitized Formation" is to be designated as the Frisco City Sand Oil Pool,
22 defined as that interval of the Frisco City Sand productive of hydrocarbons
23 between measured depths of 10,872 feet and 10,919 feet as indicated on the Dual
24 Induction Log for the Vanity Fair 1-9 No. 2 Well, Permit No. 11214, and all
25 zones in communication therewith and all productive extensions thereof, and
26 including those strata which can be correlated therewith, or such other enlarged
27 interval as may be ordered by the State Oil and Gas Board of Alabama.

28
29 The proposed "Unit Area" is designated as the South Half, the Northwest Quarter,
30 and the South Half of the Northeast Quarter, all in Section 1, and the East Half of
31 the Northeast Quarter of Section 2, all in Township 6 North, Range 7 East,
32 Monroe County, Alabama.

33
34 Said petition further seeks entry of an order by this Board unitizing, pooling and
35 integrating the Unit Area, as underlain by the above described Unitized
36 Formation, into a field-wide unit so as to require all owners or claimants of
37 royalty, overriding royalty, mineral, leasehold and all other leasehold interests
38 within said field-wide Unit to unitize, pool and integrate their interests and
39 develop their lands or interests within the Unit Area as a field-wide Unit. Said
40 petition further seeks to have Palmer Petroleum, Inc. designed as operator of the
41 Unit Area in accordance with the laws in the State of Alabama and seeks an order

1 from this Board approving the Unit Agreement containing a requirement for
2 redetermination, following a public hearing, to consider additional evidence and
3 the extent to which the participation of each Tract should be redetermined in
4 accordance with Section 9-17-86 *Code of Alabama* (1975), and the Unit
5 Operating Agreement. Petitioner also seeks approval of the Ratification of said
6 Agreements. Said petition further seeks approval of the amendments to the
7 Special Field Rules for the North Monroeville Field in order to conform to the
8 provisions of the aforementioned Unit Agreement and Unit Operating Agreement.
9

10 This petition is filed as a companion to petition bearing Docket No. 11-12-9714
11 requesting an amendment to Rule 1 of the Special Field Rules to add to the field
12 limits.
13

14 3. DOCKET NO. 11-12-9714

15 Continued petition by PALMER PETROLEUM, INC., a foreign corporation
16 authorized to do and doing business in the State of Alabama, requesting the State
17 Oil and Gas Board of Alabama to enter an order amending Rule 1 of the Special
18 Field Rules for the North Monroeville Field, Monroe County, Alabama, to add the
19 West Half, and the South Half of the Northeast Quarter, all in Section 1 and the
20 East Half of the Northeast Quarter of Section 2, all in Township 6 North, Range 7
21 East, Monroe County, Alabama, to the field limits of said field.
22

23 This petition is filed as a companion to petition bearing Docket No. 11-12-9713
24 requesting approval of a field-wide oil unit to be known as the "North
25 Monroeville Field-Wide Oil Unit."
26

27 4. DOCKET NO. 1-28-983

28 Continued petition by LOWRY EXPLORATION, INC., a foreign corporation
29 authorized to do and doing business in the State of Alabama, requesting the State
30 Oil and Gas Board of Alabama to establish a new gas field in Marion County,
31 Alabama, to be called the Northwest Aston Branch Field, or such other name as
32 the Board deems appropriate, and to adopt Special Field Rules therefor. The
33 proposed field limits consist of the Northwest Quarter of Section 30, Township 11
34 South, Range 15 West and the Northeast Quarter of Section 25, Township 11
35 South, Range 16 West, Marion County, Alabama. The said field limits are
36 underlain by the Carter Sand Gas Pool, said Carter Sand Gas Pool being defined
37 as that interval between 1,264 feet and 1,280 feet as indicated on the Spectral
38 Density/Dual Spaced Neutron Log for the Leonhardt 30-4 No. 1 Well, Permit No.
39 11276, located in Marion County, Alabama, and all zones in communication
40 therewith and all productive extensions thereof. Petitioner is requesting well
41 spacing of 320 contiguous acres and the establishment of production allowables.

1 5. DOCKET NO. 3-4-987

2 Continued petition by PALMER PETROLEUM, INC., a foreign corporation
3 authorized to do and doing business in the State of Alabama, requesting the State
4 Oil and Gas Board to enter an order approving a 208-acre wildcat drilling unit in
5 accordance with the 30% tolerance allowed by Section 9-17-12(b) of the *Code of*
6 *Alabama* (1975) for the proposed Kelly 31-7 #1 Well to be located 2,500 feet
7 from the North line and 2,560 feet from the East line of Section 31, Township 6
8 North, Range 8 East, Monroe County, Alabama. Said 208-acre wildcat drilling
9 unit described as follows:

10
11 Commence at the Northeast corner of Section 31, T6N, R8E,
12 thence run South along the East line of said Section a distance of
13 1,320 feet, thence run West a distance of 1,320 feet for the Point of
14 Beginning; thence run West 3,433 feet, thence run South 2,640
15 feet, thence run East 3,433 feet, thence run North 2,640 feet, to the
16 Point of Beginning, containing 208 acres of land, more or less.
17

18 6. DOCKET NO. 3-4-988

19 Continued petition by LAND DATA ENERGY GROUP, LTD., a foreign
20 corporation, authorized to do and doing business in the State of Alabama,
21 requesting the State Oil and Gas Board of Alabama to enter an order force
22 pooling, without a risk compensation penalty, all tracts and interests in oil, gas,
23 and other hydrocarbons produced from a well in a unit consisting of
24 approximately 160 acres located in the Southwest Quarter of Section 31,
25 Township 6 North, Range 7 East, Monroe County, Alabama, as a wildcat drilling
26 and production unit. Petitioner proposes to re-enter the Lambert 31-11 No. 1
27 Well, Permit No. 11087-B-1. This petition is in accordance with Section 9-17-13,
28 *Code of Alabama*, (1975), as amended and Rule 400-1-13-.01 of the *State Oil and*
29 *Gas Board of Alabama Administrative Code*.
30

31 This petition is a companion to petition bearing Docket No. 3-4-989 to approve an
32 exceptional location for the proposed well for this unit.
33

34 7. DOCKET NO. 3-4-989

35 Continued petition by LAND DATA ENERGY GROUP, LTD., a foreign
36 corporation, authorized to do and doing business in the State of Alabama,
37 requesting the Board to enter an order approving an exceptional location for the
38 proposed Lambert 31-11 No. 1 Well, Permit No. 11087-B-1, to be re-entered to a
39 bottom hole location of 1,657 feet from the South line and 502 feet from the East
40 line of a proposed 160-acre drilling and production unit consisting of the
41 Southwest Quarter of Section 31, Township 6 North, Range 7 East, Monroe

1 County, Alabama, as a wildcat well. Rule 400-1-2-.02 of the *State Oil and Gas*
2 *Board of Alabama Administrative Code* requires each well to be drilled no closer
3 than 660 feet from every exterior boundary of a unit.
4

5 This petition is a companion to petition bearing Docket No. 3-4-988 to force pool,
6 without a risk compensation penalty, all tracts and interests in and to the proposed
7 unit for the Lambert 31-11 No. 1 Well.
8

9 8. DOCKET NO. 3-4-9810A

10 Continued petition by JN EXPLORATION & PRODUCTION LIMITED
11 PARTNERSHIP, a foreign limited partnership authorized to do and doing
12 business in the State of Alabama, requesting the State Oil and Gas Board
13 (hereinafter "Board") to enter an order amending Rule 1 of the "Special Field
14 Rules" for the Frisco City Field, adopted by the Board in Order No. 87-30, issued
15 on February 28, 1987, to delete the East Half of Section 1, Township 5 North,
16 Range 6 East, Monroe County, Alabama from the field limits for said field.
17

18 This petition is filed as a companion to petition bearing Docket No. 3-4-9811 to
19 amend Rule 2 of the Special Field Rules for the Southeast Frisco City Field, to
20 amend the name of the Frisco City Sand Oil Pool as presently defined therein to
21 the "East Frisco City Sand Oil Pool" and to add and name a new pool to be
22 defined as the "West Frisco City Sand Oil Pool, to petition bearing Docket No. 3-
23 4-9812 to establish a partial fieldwide unit for a portion of the Southeast Frisco
24 City Field, and to petition bearing Docket No. 3-4-9813 to amend Rule 1 of the
25 Special Field Rules for the Southeast Frisco City Field.
26

27 9. DOCKET NO. 3-4-9811B

28 Continued petition by JN EXPLORATION & PRODUCTION LIMITED
29 PARTNERSHIP, a foreign limited partnership authorized to do and doing
30 business in the State of Alabama, requesting the State Oil and Gas Board
31 (hereinafter "Board") to amend Rule 2 of the "Special Field Rules" for the
32 Southeast Frisco City Field, Monroe County, Alabama, as adopted by the Board
33 in Order No. 92-221 issued on December 11, 1992, to amend the name of the
34 Frisco City Sand Oil Pool as presently defined therein to the "East Frisco City
35 Sand Oil Pool of the Southeast Frisco City Field" and to add and name a new pool
36 to be defined as the "West Frisco City Sand Oil Pool of the Southeast Frisco City
37 Field" which shall be defined as that interval of the Haynesville Formation
38 productive of hydrocarbons in the interval between 12,305 feet MD (-11,837 feet
39 TVD) to 12,386 feet MD (-11,905 feet TVD) on the Litho Density Compensated
40 Neutron Gamma Ray Log for the Albritton 6-16 No. 2 Well, Permit No. 10627-B,
41 located 372 feet FSL and 960 feet FEL, with a bottom-hole location 787 feet FSL

1 and 805 feet FEL of Section 6, Township 5 North, Range 7 East. The proposed
2 West Frisco City Sand Oil Pool is a separate and distinct pool from the East
3 Frisco City Sand Oil Pool.
4

5 This petition is filed as a companion to petition bearing Docket No. 3-4-9810 to
6 amend Rule 1 of the Special Field Rules for the Frisco City Field, to petition
7 bearing Docket No. 3-4-9812 to establish a partial fieldwide unit for a portion of
8 the Southeast Frisco City Field, and to petition bearing Docket No. 3-4-9813 to
9 amend Rule 1 of the Special Field Rules for the Southeast Frisco City Field.
10

11 10. DOCKET NO. 3-4-9813A

12 Continued petition by JN EXPLORATION & PRODUCTION LIMITED
13 PARTNERSHIP, a foreign limited partnership authorized to do and doing
14 business in the State of Alabama, requesting the State Oil and Gas Board
15 (hereinafter "Board") to enter an order amending Rule 1 of the "Special Field
16 Rules" for the Southeast Frisco City Field, adopted by the Board in Order No. 92-
17 221, issued on December 11, 1992, so as to add thereto lands described as the
18 West Half of the Southwest Quarter of the Southwest Quarter of the Southwest
19 Quarter of Section 5, Township 5 North, Range 7 East; the South Half of the
20 South Half of the Southwest Quarter of the Northeast Quarter of Section 6,
21 Township 5 North, Range 7 East; the South Half of the Southeast Quarter of the
22 Southeast Quarter of the Northeast Quarter of Section 1, Township 5 North,
23 Range 6 East; the North Half of the Northeast Quarter of the Northeast Quarter of
24 the Southeast Quarter of Section 1, Township 5 North, Range 6 East; the South
25 Half of the North Half of the Northeast Quarter of the Southeast Quarter of
26 Section 1, Township 5 North, Range 6 East; the South Half of the Northeast
27 Quarter of the Southeast Quarter of Section 1, Township 5 North, Range 6 East;
28 the North Half of the Southeast Quarter of the Southeast Quarter of Section 1,
29 Township 5 North, Range 6 East; the North Half of the Southeast Quarter of the
30 Southeast Quarter of the Southeast Quarter of Section 1, Township 5 North,
31 Range 6 East; the Northeast Quarter of the Northwest Quarter of the Northwest
32 Quarter of Section 7, Township 5 North, Range 7 East; the West half of the
33 Northeast Quarter of the Northwest Quarter of Section 7, Township 5 North,
34 Range 7 East; the Northeast Quarter of the Northeast Quarter of the Northwest
35 Quarter of Section 7, Township 5 North, Range 7 East; the East Half of the
36 Southeast Quarter of the Northwest Quarter of the Northwest Quarter of Section
37 7, Township 5 North, Range 7 East; and the West Half of the Southeast Quarter of
38 the Northeast Quarter of the Northwest Quarter of Section 7, Township 5 North,
39 Range 7 East, all in Monroe County, Alabama. Said acreage to be added to the
40 defined limits of the Southeast Frisco City Field constitutes a productive

1 extension of the said Southeast Frisco City Field and coincides with the proposed
2 unit area of the proposed Southeast Frisco City Oil Unit.
3

4 This petition is filed as a companion to petition bearing Docket No. 3-4-9810 to
5 amend Rule 1 of the Special Field Rules for the Frisco City Field, to petition
6 bearing Docket No. 3-4-9811 to amend Rule 2 of the Special Field Rules for the
7 Southeast Frisco City Field, to amend the name of the Frisco City Sand Oil Pool
8 as presently defined therein to the "East Frisco City Sand Oil Pool" and to add
9 and name a new pool to be defined as the "West Frisco City Sand Oil Pool, and to
10 petition bearing Docket No. 3-4-9812 to establish a partial fieldwide unit for a
11 portion of the Southeast Frisco City Field.
12

13 11. DOCKET NO. 3-4-9814

14 Continued petition by UNION OIL COMPANY OF CALIFORNIA, a foreign
15 corporation authorized to do and doing business in the State of Alabama, and
16 operator of the Chunchula Field Unit in Mobile County, Alabama, requesting the
17 State Oil and Gas Board of Alabama to enter an order extending for six months
18 the temporary abandoned status on the following ten wells listed below in the
19 Chunchula Field Unit, Mobile County, Alabama:
20

<u>PERMIT NO.</u>	<u>WELL NAME</u>	<u>LOCATION</u>
2357	I.P.C. 2-6 #1	Sec. 2, T2S, R2W
2355-B	R.J. Smith 6-10 #1A	Sec. 6, T1S, R1W
3650	M.V. Kelly 10-3 #1	Sec. 10, T1S, R2W
4255-B	M.V. Kelly 11-1 #1	Sec. 11, T1S, R2W
2914	R.L. Smith 12-11 #1	Sec. 12, T1S, R2W
2044	J.A. Smith 15-6 #1	Sec. 15, T1S, R2W
2584-B	R.E. Davis 1-11 #1	Sec. 1, T1S, R2W
2350	Creola Investment 34-7 #1	Sec. 34, T1S, R2W
2005-B	Mobile County Board of School Commissioners 16-10 #1	Sec. 16, T1S, R2W
2324	George Radcliff 30-6 #1	Sec. 30, T1S, R1W

35
36 This petition if filed pursuant to Alabama Code Section 9-17-1 *et. seq.* (and, in
37 particular Section 9-17-6 and Rules 400-1-1-.01 *et. seq.* (and, in particular, Rules
38 400-1-3-.06 and 400-1-12-.01 *et. seq.*) of the *State Oil and Gas Board of Alabama*
39 *Administrative Code.*

12. DOCKET NO. 4-8-981

Petition by GERMANY OIL COMPANY, a foreign corporation authorized to do business in Alabama, requesting the State Oil and Gas Board to amend Rule 2 of the Special Field Rules for the Blowhorn Creek Field, Lamar County, Alabama, to add the Gilmer Sand Gas Pool, to be construed to mean those strata of the Gilmer Sand productive of hydrocarbons in the interval between 2,463 feet and 2,516 feet in the Morrison 36-4 Well, Permit No. 3080, located in Section 36, Township 14 South, Range 14 West, Lamar County, Alabama, as indicated on the Dual Induction-Focused Log of said well, and including those strata productive of hydrocarbons which can be correlated therewith.

13. DOCKET NO. 4-8-982

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., a Alabama corporation, requesting the State Oil and Gas Board of Alabama to enter an order force pooling, with the imposition of a risk compensation penalty, all tracts and interests in gas produced from the Pennsylvania and Mississippian Age strata in the Star Field from a well to be drilled on a unit consisting of the West Half of Section 20, Township 16 South, Range 15 West, Lamar County, Alabama, in said Star 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*.

14. DOCKET NO. 4-8-983

Petition by KWB OIL PROPERTY MANAGEMENT, INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order force pooling, without the imposition of a risk compensation penalty, all tracts and interests in gas produced from a well to be drilled in the Fernbank Field on a unit consisting of the South Half of Section 21, Township 17 South, Range 15 West, Lamar County, Alabama, in said 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*.

15. DOCKET NO. 4-8-984

Petition by KWB OIL PROPERTY MANAGEMENT, INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order force pooling, without the imposition of a risk compensation penalty, all tracts and interests in gas produced from a well to be drilled on a unit consisting of the

1 North half of Section 6, Township 20 South, Range 15 West, Pickens County,
2 Alabama, as a wildcat well. This petition is in accordance with Section 9-17-13,
3 *Code of Alabama* (1975), as amended and Rule 400-1-13-.01 of the *State Oil and*
4 *Gas Board of Alabama Administrative Code*.

5
6 16. DOCKET NO. 4-8-985

7 Petition by UNION OIL COMPANY OF CALIFORNIA, a foreign corporation
8 authorized to do and doing business in the State of Alabama, and operator of the
9 Churchula Field Unit in Mobile County, Alabama, requesting the State Oil and
10 Gas Board of Alabama to grant a permanent exception to Rule 400-1-4-.03 of the
11 *State Oil and Gas Board of Alabama Administrative Code* and the Special Field
12 Rules for the Churchula Field (including Rule 4(b) thereof) as amended on
13 December 11, 1992, by the Board in Order No. 92-213, to provide that the
14 proposed Creola Investment Corp. 15-8 Well No. 1, with a proposed bottom-hole
15 location in Section 15, Township 1 South, Range 2 West (the surface location
16 being in Section 14) can be completed without the use of a packer and can also be
17 completed open hole. This Petition is filed pursuant to *Alabama Code* 9-17-1 *et*
18 *seq.* (and, in particular, Section 9-17-6) and Rules 400-1-1-.01 *et seq.* (and, in
19 particular Rule 400-1-12-.01 *et seq.*) of the *State Oil and Gas Board of Alabama*
20 *Administrative Code*.

21
22 17. DOCKET NO. 4-8-986

23 Petition by BLACK WARRIOR METHANE CORPORATION, an Alabama
24 corporation, requesting the State Oil and Gas Board of Alabama to enter an order
25 amending Rule 2 of the Special Field Rules for the Brookwood Coal
26 Degasification Field to add the Southwest Quarter and the South Half of the
27 Southeast Quarter and the Northwest Quarter of the Southeast Quarter, all in
28 Section 13; the South Half of Section 15; and the Northwest Quarter of Section
29 22, all in Township 19 South, Range 8 West, Tuscaloosa County, Alabama, to the
30 field limits of said field.

31
32 This petition is filed as a companion to petition bearing Docket No. 4-8-987
33 requesting that Rule 2 of the Special Field Rules for the Oak Grove Coal
34 Degasification Field be amended to delete the above-described parcels from the
35 field limits of said field.

36
37 18. DOCKET NO. 4-8-987

38 Petition by BLACK WARRIOR METHANE CORPORATION, an Alabama
39 corporation, requesting the State Oil and Gas Board of Alabama to enter an order
40 amending Rule 2 of the Special Field Rules for the Oak Grove Coal
41 Degasification Field to delete the Southwest Quarter and the South Half of the

1 Southeast Quarter and the Northwest Quarter of the Southeast Quarter, all in
2 Section 13; the South Half of Section 15; and the Northwest Quarter of Section
3 22, all in Township 19 South, Range 8 West, Tuscaloosa County, Alabama, from
4 the field limits of said field.
5

6 This petition is filed as a companion to petition bearing Docket No. 4-8-986
7 requesting that Rule 2 of the Special Field Rules for the Brookwood Coal
8 Degasification Field be amended to add the above-described parcels to the field
9 limits of said field.
10

11 19. DOCKET NO. 4-8-988

12 Petition by BLACK WARRIOR METHANE CORPORATION, an Alabama
13 corporation, requesting the State Oil and Gas Board of Alabama to enter an order
14 reforming the unit for the Gulf States 24-12-5 Well, Permit No. 10334-C, from an
15 80-acre unit consisting of the West Half of the Southwest Quarter of Section 24,
16 Township 19 South, Range 8 West, Tuscaloosa County, Alabama, in the
17 Brookwood Coal Degasification Field to a 40-acre unit consisting of the
18 Northwest Quarter of the Southwest Quarter of said Section 24, Township 19
19 South, Range 8 West, Tuscaloosa County, Alabama.
20

21 20. DOCKET NO. 4-8-989

22 Petition by PALMER PETROLEUM, INC, a foreign corporation authorized to do
23 and doing business in the State of Alabama, requesting the State Oil and Gas
24 Board to enter an order establishing a new oil field in Monroe County, Alabama,
25 to be named the Drewry Field, or such other name as the Board deems proper, and
26 to adopt Special Field Rules therefor. The proposed field, as underlain by the
27 Frisco City Sand Oil Pool in the Haynesville Formation, consists of the following
28 described tracts:
29

30 Beginning at the Southeast corner of Section 16, Township 6
31 North, Range 8 East, Monroe County, Alabama; run Northerly
32 along the East line of said Section 16 for a distance of 500 feet;
33 thence run Westerly and parallel to the South line of said Section
34 16 for a distance of 88 feet to the POINT OF BEGINNING of the
35 unit described herein; thence run Westerly and parallel with the
36 South line of said Section 16 a distance of 3872 feet; thence run
37 Northerly and parallel to the East line of said Section 16 a distance
38 of 2340 feet; thence run Easterly and parallel to the South line of
39 said Section 16 a distance of 3872 feet; thence run Southerly and
40 parallel to the East line of said Section 16 a distance of 2340 feet to
41 the POINT OF BEGINNING.

1 The above described area is situated in Section 16, Township 6
2 North, Range 8 East, Monroe County, Alabama, and contains
3 208.0 acres.
4

5 The Frisco City Sand Oil Pool should be defined as that interval of the
6 Haynesville Formation productive of hydrocarbons between 10,920 feet and
7 10,948 feet as indicated on the Array Induction Sonic Log for the MacMillan
8 Bloedel 16-10 #2 Well, Permit No. 11315, located in Section 16, Township 6
9 North, Range 8 East, Monroe County, Alabama. Petitioner is requesting that said
10 discovery well or any subsequent replacement well be located on the above
11 described 208-acre production unit and Petitioner is also requesting the
12 establishment of production allowables.
13

14 This petition is filed as a companion to petition bearing Docket No. 4-8-9810
15 requesting reformation of a 160-acre wildcat drilling unit to a 208-acre production
16 unit for above-referenced well.
17

18 21. DOCKET NO. 4-8-9810

19 Petition by PALMER PETROLEUM, INC. a foreign corporation authorized to
20 do and doing business in the State of Alabama, requesting the State Oil and Gas
21 Board to enter an order reforming a 160-acre wildcat drilling unit consisting of
22 the Southeast Quarter of Section 16, Township 6 North, Range 8 East, Monroe
23 County, Alabama, to a 208-acre production unit invoking the 30% tolerance
24 allowed by Section 9-17-12(b) of the *Code of Alabama* (1975) for a 208-acre
25 production unit for the MacMillan Bloedel 16-10 #2 Well, Permit No. 11315, in
26 the proposed Drewry Field described as follows:
27

28 Beginning at the Southeast corner of Section 16, Township 6
29 North, Range 8 East, Monroe County, Alabama; run Northerly
30 along the East line of said Section 16 for a distance of 500 feet;
31 thence run Westerly and parallel to the South line of said Section
32 16 for a distance of 88 feet to the POINT OF BEGINNING of the
33 unit described herein; thence run Westerly and parallel with the
34 South line of said Section 16 a distance of 3872 feet; thence run
35 Northerly and parallel to the East line of said Section 16 a distance
36 of 2340 feet; thence run Easterly and parallel to the South line of
37 said Section 16 a distance of 3872 feet; thence run Southerly and
38 parallel to the East line of said Section 16 a distance of 2340 feet to
39 the POINT OF BEGINNING.
40

1 The above described area is situated in Section 16, Township 6
2 North, Range 8 East, Monroe County, Alabama, and contains
3 208.0 acres.
4

5 Section 9-17-12(b) authorizes the Board to grant units in excess of 160 acres
6 when it is demonstrated that one well can efficiently and economically drain the
7 proposed area and that such a larger unit is justified because of technical,
8 economic, environmental or safety considerations, or other reasons deemed valid
9 by the Board.

10
11 By Board Order 97-142, the Board approved an exceptional location for said well.

12
13 This petition is filed as a companion to petition bearing Docket No. 4-8-989
14 requesting establishment of the Drewry Field.
15

16 22. DOCKET NO. 4-8-9811

17 Petition by FOUR STAR OIL & GAS COMPANY, a subsidiary of Texaco
18 Exploration and Production, Inc., a foreign corporation authorized to do and doing
19 business in the State of Alabama, requesting the State Oil and Gas Board to enter
20 an order approving an exception to Rule 5 of the Special Field Rules for the
21 Hatter's Pond Unit to allow for an open hole completion for the proposed Hatter's
22 Pond Unit 10-11 #3 Sidetrack Well, proposed to be drilled within the productive
23 formation without the use of conventional drilling fluids, using instead natural
24 gas, as an exception to Rule 400-1-3-.12. The Hatter's Pond Unit 10-11 #3 Well,
25 Permit No. 3213, is located 1,807 feet from the South line and 1,796 feet from the
26 West line, and the proposed bottom hole location for the sidetrack is 1,852 feet
27 from the West line and 1,751 feet from the South line of Section 10, Township 2
28 South, Range 1 West, Mobile County, Alabama, in the Hatter's Pond Unit.
29

30 23. DOCKET NO. 4-8-9812

31 Petition by MITCHELL ENERGY CORPORATION, a Delaware corporation
32 authorized to do and doing business in the State of Alabama, requesting the State
33 Oil and Gas Board to enter an order force pooling, with imposition of a risk
34 compensation fee, all tracts and interests in oil, gas and other hydrocarbons
35 produced from strata of the Cotton Valley, Haynesville, Smackover and Norphlet
36 Formations in a 160-acre drilling unit for the Petitioner's proposed Brandon
37 Petroleum 19-11, Well #1, consisting of the Southwest Quarter of Section 19,
38 Township 11 North, Range 2 West, Choctaw County, Alabama, pursuant to
39 Section 9-17-13, *Code of Alabama* (1975), and Rule 400-1-13-.01 of the *State Oil*
40 *and Gas Board of Alabama Administrative Code*.

1 24. DOCKET NO. 4-8-9813

2 Petition by UNION OIL COMPANY OF CALIFORNIA, a foreign corporation
3 authorized to do and doing business in the State of Alabama, requesting the State
4 Oil and Gas Board to enter an order approving an exception to Rule 400-1-4-.03
5 of the *State Oil and Gas Board of Alabama Administrative Code* in order to allow
6 Petitioner to complete, without a packer, its Annie M. Hill, et al Unit 9 Well #2,
7 Permit No. 11332-OS-69-B, in the Movico Field, Mobile County, Alabama.
8

9 25. DOCKET NO. 4-8-9814

10 Petition by UNIT MANAGER, CITRONELLE UNIT, Citronelle Field, Mobile
11 County, Alabama, requesting the State Oil and Gas Board to enter an order
12 authorizing the Unit Manager to convert the D-8-7 Well, Permit No. 994, to a
13 fresh water injection well pursuant to Article 3.1.3(d) of the Unit Agreement for
14 the Citronelle Unit and Rule 14 (1)(A) of the Special Field Rules. The D-8-7
15 Well is located 673.5 feet from the West line and 673.3 feet from the South line of
16 the Southwest Quarter of the Northeast Quarter of Section 8, Township 1 North,
17 Range 2 West, in the Citronelle Unit, Citronelle Field, Mobile County, Alabama.
18

19 26. DOCKET NO. 4-8-9815

20 Petition by SENECA RESOURCES CORPORATION, a foreign corporation
21 authorized to do and doing business in the State of Alabama, requesting the State
22 Oil and Gas Board to enter an order force pooling, without imposition of a risk
23 compensation fee, all tracts and interests in a 160-acre wildcat drilling unit for
24 Petitioner's Blacksher 32-10 No. 1 Well, Permit No. 11368-B, consisting of the
25 East Half of the Southwest Quarter and the West Half of the Southeast Quarter of
26 Section 32, Township 4 North, Range 6 East, Monroe County, Alabama, pursuant
27 to Section 9-17-13, *Code of Alabama* (1975), and Rule 400-1-13-.01 of the *State*
28 *Oil and Gas Board of Alabama Administrative Code*.
29

30 This request was previously approved by Emergency Order E-98-8 issued on
31 February 26, 1998.
32

33 27. DOCKET NO. 4-8-9816

34 Petition by EXXON CORPORATION, a New Jersey corporation, authorized to
35 do and doing business in the State of Alabama, requesting the State Oil and Gas
36 Board to enter an order approving an exception to Rule 400-3-3-. 04 of the *State*
37 *Oil and Gas Board of Alabama Administrative Code* pertaining to blow-out
38 prevention equipment and the frequency of testing said equipment for the
39 proposed State Lease 537 #3, with a surface location being 6,053 feet from the
40 North line and 3,607 feet from the West line of Tract 112, and a bottom hole
41 location 2,564 feet from the North line and 8,426 feet from the West line of Tract

1 112, in the submerged offshore lands, Northwest Gulf Field Unit, Mobile County,
2 Alabama.

3
4 28. DOCKET NO. 4-8-9817

5 Petition by TORCH OPERATING COMPANY, a foreign corporation authorized
6 to do and doing business in the State of Alabama, requesting the State Oil and Gas
7 Board to enter an order reforming a 160-acre unit consisting of the West Half of
8 the Northwest Quarter of Section 3 and the East Half of the Northeast Quarter of
9 Section 4, all in Township 2 North, Range 14 East, Covington County, Alabama,
10 to a 198.75-acre production unit invoking the up to 30% tolerance allowed by
11 Section 9-17-12(b) of the *Code of Alabama* (1975) for the Paramount-Federal 4-8
12 #1 Well, Permit No. 10380, in the North Rome Field described as follows:

13
14 The West Half of the Northwest Quarter of Section 3; the East Half
15 of the Northeast Quarter and the Northeast Quarter of the
16 Southeast Quarter, less and except the South Half of the Southeast
17 Quarter of the Southeast Quarter of the Northeast Quarter of the
18 Southeast Quarter of Section 4, all in Township 2 North, Range 14
19 East, Covington County, Alabama, containing 198.75 acres, more
20 or less.
21

22 Section 9-17-12(b) authorizes the Board to grant units in excess of 160 acres
23 when it is demonstrated that one well can efficiently and economically drain the
24 proposed area and that such a larger unit is justified because of technical,
25 economic, environmental or safety considerations, or other reasons deemed valid
26 by the Board.

27
28 29. DOCKET NO. 4-8-9818

29 Petition by TORCH OPERATING COMPANY, a foreign corporation authorized
30 to do and doing business in the State of Alabama, requesting the State Oil and Gas
31 Board to enter an order reforming a 160-acre unit consisting of the East Half of
32 the Northwest Quarter and the West Half of the Northeast Quarter of Section 4,
33 Township 2 North, Range 14 East, Covington County, Alabama, to a 207.5-acre
34 production unit invoking the up to 30% tolerance allowed by Section 9-17-12(b)
35 of the *Code of Alabama* (1975) for the Paramount-Hart 4-7 #1 Well, Permit No.
36 10144, in the North Rome Field described as follows:

1 The East Half of the Northwest Quarter and the West Half of the
2 Northeast Quarter; the North Half of the Northwest Quarter of the
3 Southeast Quarter; the North Half of the South Half of the
4 Northwest Quarter of the Southeast Quarter; the South Half of the
5 Southeast Quarter of the Northwest Quarter of the Southeast
6 Quarter; the North Half of the Northeast Quarter of the Northeast
7 Quarter of the Southwest Quarter; the Southeast Quarter of the
8 Northeast Quarter of the Northeast Quarter of the Southwest
9 Quarter; the East Half of the Southwest Quarter of the Northeast
10 Quarter of the Northeast Quarter of the Southwest Quarter; the
11 Northeast Quarter of the Southeast Quarter of the Northeast
12 Quarter of the Southwest Quarter; the North Half of the Southeast
13 Quarter of the Southwest Quarter of the Northwest Quarter of the
14 Southeast Quarter, all in Section 4, Township 2 North, Range 14
15 East, Covington County, Alabama, containing approximately 207.5
16 acres.
17

18 Section 9-17-12(b) authorizes the Board to grant units in excess of 160 acres
19 when it is demonstrated that one well can efficiently and economically drain the
20 proposed area and that such a larger unit is justified because of technical,
21 economic, environmental or safety considerations, or other reasons deemed valid
22 by the Board.
23

24 30. DOCKET NO. 4-8-9819

25 Petition by TORCH OPERATING COMPANY, a foreign corporation authorized
26 to do and doing business in the State of Alabama, requesting the State Oil and Gas
27 Board to enter an order reforming a 160-acre unit consisting of the West Half of
28 the Northeast Quarter and the East Half of the Northwest Quarter of Section 5,
29 Township 2 North, Range 14 East, Covington County, Alabama, to a 200-acre
30 production unit invoking the up to 30% tolerance allowed by Section 9-17-12(b)
31 of the *Code of Alabama* (1975) for the Paramount-Findley 5-2 #1 Well, Permit
32 No. 9378, in the North Rome Field described as follows:
33

34 The West Half of the Northeast Quarter and the East Half of the
35 Northwest Quarter and the West Half of the East Half of the
36 Northeast Quarter, all in Section 5, Township 2 North, Range 14
37 East, Covington County, Alabama, containing approximately 200
38 acres.

1 Section 9-17-12(b) authorizes the Board to grant units in excess of 160 acres
2 when it is demonstrated that one well can efficiently and economically drain the
3 proposed area and that such a larger unit is justified because of technical,
4 economic, environmental or safety considerations, or other reasons deemed valid
5 by the Board.
6

7 31. DOCKET NO. 4-8-9820

8 Petition by DE SOTO OIL & GAS, INC., a foreign corporation authorized to do
9 and doing business in the State of Alabama, requesting the State Oil and Gas
10 Board of Alabama to enter an order approving the design, installation and use of a
11 sour gas/liquid gathering line pursuant to Rules 400-1-5-.02(12)(a-c) and 400-1-8-
12 .04 of the *State Oil and Gas Board of Alabama Administrative Code*. The
13 proposed 16.3± mile pipeline system will be utilized to gather sour gas, oil, and
14 condensate produced from the Pruet Production Co. A.T.I.C. 22-7 #1 Well
15 (Permit No. 11116-B) in Section 22, Township 3 North, Range 7 East, Cobra Oil
16 & Gas Corp. A.T.I.C. 34-4 #1 Well (Permit No. 10166) in Section 34, Township
17 3 North, Range 7 East and North Escambia L.L.C. Kelly Unit 2-2 #1 Well (Permit
18 No. 5498) in Section 2, Township 2 North, Range 7 East, and deliver it to the
19 Vintage Petroleum Flomaton Gas Plant located in Section 11, Township 1 North,
20 Range 8 East, all located in Escambia County, Alabama. This matter was
21 previously approved by the Board in Order 97-129, dated October 21, 1997 and,
22 since that date, it has been necessary to propose an extension of Segment 3 and
23 amend Segment 4 of the proposed 16.3± mile pipeline system.
24

25 32. DOCKET NO. 3-6-9637

26 Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA
27 to repeal and rescind all rules and regulations of statewide application and to
28 promulgate new rules and regulations of statewide application, provided,
29 however, that Special Field Rules shall not be repealed and rescinded. The rules
30 and regulations of the State Oil and Gas Board are set forth in Rule 400-1-1-.01 et
31 seq. of the *State Oil and Gas Board of Alabama Administrative Code*. Under this
32 Motion, the State Oil and Gas Board proposes to make substantial changes to
33 regulations governing coalbed methane gas operations, offshore operations, and
34 various other regulations.
35

36 33. DOCKET NO. 11-12-9716

37 Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA
38 requesting operator Marion Corporation or its successors-in-interest or Insurance
39 Company of North America, as surety of a well bond, to show cause why the well
40 location for the Loper Estate No. 1 Well, Permit No. 2115, in Section 19,
41 Township 2 North, Range 2 West, in the Citronelle Field, Mobile County,

1 Alabama, should not be ordered to be restored in accordance with Rule 400-1-5-
2 .07 of the *State Oil and Gas Board of Alabama Administrative Code*. Section 9-
3 17-6(c)(5) of the *Code of Alabama* (1975) authorizes the Board to require a bond
4 to ensure compliance by the operator of a well with the oil and gas statutes and
5 the rules and regulations of the Board.
6
7

8 DOCKET NO. 4-8-9821

9 Petition by TORCH OPERATING COMPANY, a foreign corporation authorized
10 to do and doing business in the State of Alabama, requesting the State Oil and Gas
11 Board to enter an order force pooling, without imposition of a risk compensation
12 fee, all tracts and interests in a proposed reformed 207.5-acre production unit for
13 Petitioner's Paramount Hart 4-7 #1 Well, Permit No. 10144, in the North Rome
14 Field described as follows:
15

16 The East Half of the Northwest Quarter and the West Half of the
17 Northeast Quarter; the North Half of the Northwest Quarter of the
18 Southeast Quarter; the North Half of the South Half of the
19 Northwest Quarter of the Southeast Quarter; the South Half of the
20 Southeast Quarter of the Northwest Quarter of the Southeast
21 Quarter; the North Half of the Northeast Quarter of the Northeast
22 Quarter of the Southwest Quarter; the Southeast Quarter of the
23 Northeast Quarter of the Northeast Quarter of the Southwest
24 Quarter; the East Half of the Southwest Quarter of the Northeast
25 Quarter of the Northeast Quarter of the Southwest Quarter; the
26 Northeast Quarter of the Southeast Quarter of the Northeast
27 Quarter of the Southwest Quarter; the North Half of the Southeast
28 Quarter of the Southwest Quarter of the Northwest Quarter of the
29 Southeast Quarter, all in Section 4, Township 2 North, Range 14
30 East, Covington County, Alabama, containing approximately 207.5
31 acres,
32

33 pursuant to Section 9-17-13, *Code of Alabama* (1975), and Rule 400-1-13-.01 of
34 the *State Oil and Gas Board of Alabama Administrative Code*.
35

36 This petition is filed as a companion to petition bearing Docket No. 4-8-9818,
37 requesting reformation of the current 160-acre unit for the Paramount-Hart 4-7 #1
38 Well to the above-referenced 207.5-acre unit.

1 DOCKET NO. 4-8-9822

2 Petition by COBRA OIL & GAS CORPORATION, a foreign corporation
3 authorized to do and doing business in the State of Alabama, requesting the State
4 Oil and Gas Board to enter an order approving a modification to the design and
5 construction of a sour gas gathering line to tie-in the McMillan 3-9 No. 1 Well,
6 Permit No. 11030-B, to the Appleton Plant. In place of using the gathering line
7 from the Appleton Unit 2-14 #1 Well, Permit No. 3854, Petitioner proposes to lay
8 a new segment of the gathering line on the north side of the existing right-of-way
9 for the Appleton 2-14 #1 Well gathering line connecting to existing piping in the
10 plant area, and in so doing, the gathering line route is the same as previously
11 approved by Board Order 97-151, issued on December 19, 1997. That portion of
12 the gathering line to be modified is located in Section 2, Township 3 North,
13 Range 9 East, Escambia County, Alabama.
14
15
16
17

18 Members of the public are invited to attend this meeting and to present to
19 the Board their position concerning these matters. If special accommodations are
20 needed to facilitate attendance or participation in the meeting, please call
21 205/349-2852, ext. 211.
22

23 The public is advised that the Board may promulgate orders concerning a
24 petition which may differ from that requested by the petitioner concerning the
25 lands described in the notice. Pursuant to this hearing, Section 9-17-1 *et seq.* of
26 the *Code of Alabama* (1975) and the rules and regulations promulgated
27 thereunder, the Board will enter such order or orders as in its judgment may be
28 necessary based upon the evidence presented.
29

30 The State Oil and Gas Board was originally established by Act No. 1 of
31 the Legislature of Alabama in the Regular Session of 1945. The applicable law
32 pertaining to the establishment of the Board now appears in Section 9-17-1 *et seq.*
33 of the *Code of Alabama* (1975), as last amended. The applicable rules pertaining
34 to the conduct of hearings by the Board are found in Rule 400-1-12-.01 *et seq.* of
35 the *State Oil and Gas Board of Alabama Administrative Code*.
36

37 The next meeting of the Board will be held at 10:00 a.m. on Wednesday,
38 May 13, 1998, and Friday, May 15, 1998 in the Board Room of the State Oil and
39 Gas Board Building, Tuscaloosa, Alabama. The notices for the May meeting
40 should be filed on or before Monday, April 20, 1998. Petitions, exhibits,
41 affidavits, and proposed orders must be filed on or before Wednesday, April 29,

1 1998. Requests to continue an item or to oppose an item listed on the docket
2 should be received by the Board at least two (2) days prior to the hearing.
3

4
5 Donald F. Oltz
6 Secretary to the Board
7 Oil and Gas Supervisor
8
9

10
11
12 MR. ROGERS: I have an Order of the State Oil and Gas Board appointing me as
13 Hearing Officer to conduct this hearing on behalf of the Board. The Order will be made a part of
14 the record at this time.

15 (Whereupon, the Order was received in evidence)

16 MR. ROGERS: The procedure for this meeting is that the Hearing Officer and the staff
17 will hear the uncontested items on the docket today and certain other items. The State Oil and
18 Gas Board will hear the recommendations of the Hearing Officer, contested items, and certain
19 other items beginning at 10:00 a.m. on Friday, April 10, 1998, at the Board's office here in this
20 room in Tuscaloosa. I will recommend that the following items be continued: Item 1, Docket
21 No. 11-12-974A, petition by Munoco Company; Item 2, Docket No. 11-12-9713, petition by
22 Palmer Petroleum, Inc.; Item 3, Docket No. 11-12-9714, petition by Palmer; Item 4, Docket No.
23 1-28-983, petition by Lowry Exploration, Inc.; Item 5, Docket No. 3-4-987, petition by Palmer
24 Petroleum, Inc.; Item 8, Docket No. 3-4-9810A, petition by JN Exploration & Production
25 Limited Partnership; Item 9, Docket No. 3-4-9811B, petition by JN; Item 10, Docket No. 3-4-
26 9813A, petition by JN; Item 13, Docket No. 4-8-982, petition by Land and Natural Resource

1 Development, Inc.; Item 23, Docket No. 4-8-9812, petition by Mitchell Energy Corporation;
2 Item 27, Docket No. 4-8-9816, petition by Exxon Corporation; Item 30, Docket No. 4-8-9819,
3 petition by Torch Operating Company; Item 32, Docket No. 3-6-9637, a Motion by the Board;
4 and Item 33, Docket No. 11-12-9716, a Motion by the Oil and Gas Board. The following items
5 are set for hearing on Friday: Item 6, Docket No. 3-4-988, petition by Land Data Energy Group,
6 Ltd.; Item 7, Docket No. 3-4-989, petition by Land Data Energy Group, Ltd.; Item 20, Docket
7 No. 4-8-989, petition by Palmer Petroleum, Inc.; Item 21, Docket No. 4-8-9810, petition by
8 Palmer Petroleum, Inc.; Item 25, Docket No. 4-8-9814, petition by Unit Manager, Citronelle
9 Unit. That item will be continued to a date that will be announced at the Friday hearing. The
10 other items for hearing on Friday are Items 28 and 29. Those are Docket Nos. 4-8-9817 and 4-8-
11 9818, petitions by Torch Operating Company. The final item is a Torch Operating Company
12 petition, Docket No. 4-8-9821. Are there any corrections or comments on those
13 recommendations?

14 MR. TYRA: Good morning. John Tyra from Hamilton. On Item No. 13 Mr. Ike Espy
15 has requested a continuance. I haven't spoke with Ike about this but his client is meeting with
16 my client tomorrow in Columbus. They may be exchanging monies and signing leases. If that
17 happens, she will request Ike to remove his request for a continuance. What I would ask is that
18 this be continued to the Friday meeting and then if they don't reach an agreement we will go
19 ahead and continue it on to the next docket, if that's all right with everybody.

1 MR. ROGERS: Mr. Tyra, that will be set. Is there any objection to that? Item 13 will
2 be set for hearing on Friday. That is Docket No. 4-8-982, petition by Land and Natural Resource
3 Development, Inc. Any other comments?

4 MR. WATSON: Mr. Rogers, you didn't call 4-8-9822, a petition by Cobra.

5 MR. ROGERS: That petition is set for today. It doesn't have an item number, petition
6 by Cobra Oil and Gas Corporation, Docket No. 4-8-9822. Thank you, Mr. Watson. The first
7 item to be heard today is Item 11, Docket No. 3-4-9814, petition by Union Oil Company of
8 California.

9 MR. GRAHAM: Mr. Rogers, Duane Graham from Mobile on behalf of Union Oil
10 Company. We have previously submitted an affidavit in this matter and would ask that the
11 matter be submitted to the Board on affidavit.

12 MR. ROGERS: The affidavit of Michael Gable is admitted.

13 (Whereupon, the affidavit was
14 received in evidence)

15 MR. GRAHAM: Thank you.

16 MR. ROGERS: The staff has no questions. We will review the evidence and make a
17 recommendation to the Board. Thank you. The next item is Item 12, Docket No. 4-8-981,
18 petition by Germany Oil Company. Mr. Scogin.

19 MR. SCOGIN: Mr. Rogers, for the record, my name is Mark Scogin representing
20 Germany Oil Company. This is a petition requesting the Board to enter an order allowing and
21 approving an amendment to Rule 2 of the Special Field Rules for the Blowhorn Creek Gas Field

1 to add the Gilmer Sand Gas Pool. I have prefiled an affidavit of notice and would ask that the
2 affidavit be admitted into the record.

3 MR. ROGERS: The affidavit is admitted.

4 (Whereupon, the affidavit was

5 received in evidence)

6 MR. SCOGIN: I have handed up exhibits along with the testimonial affidavit of Robert
7 Hull who is Vice-President of Operations for Germany and would ask that the exhibits and
8 affidavit be admitted into the record.

9 MR. ROGERS: We have a fax copy of Mr. Hull's affidavit. Is there an original?

10 MR. SCOGIN: I don't have that back yet. I received the signature on the fax copy
11 yesterday.

12 MR. ROGERS: If you are saying there is a signature on a fax copy, that would be
13 sufficient.

14 MR. SCOGIN: That is the signature that was faxed back to me yesterday on an original
15 but I don't have the original back from them yet.

16 MR. ROGERS: We'll admit it but we will leave the record open for the original signed
17 affidavit to be submitted. If you could get that in by Friday we could admit it Friday and close
18 the record out, Mr. Scogin.

19 (Whereupon, the affidavit and exhibits

20 were received in evidence)

1 MR. SCOGIN: I would just ask that the Board consider the petition based on the
2 affidavit and exhibits submitted.

3 MR. ROGERS: Do we have an original on the affidavit of qualifications? We need an
4 original on that too.

5 MR. SCOGIN: Okay.

6 MR. ROGERS: We will leave the record open for the original affidavit to be submitted.
7 Anything else, Mr. Scogin?

8 MR. SCOGIN: No, sir.

9 MR. ROGERS: At that time when the record is closed, we will review the evidence and
10 make a recommendation to the Board.

11 MR. SCOGIN: Thank you.

12 MR. ROGERS: The next item is Item 14, Docket No. 4-8-983, petition by KWB Oil
13 Property Management, Inc.

14 MR. TYRA: Good morning, I'm John Tyra here on behalf of KWB Oil Property
15 Management, Inc. Docket No. 4-8-983 is a request for force pooling, without the imposition of
16 risk compensation, the South Half of Section 21, Township 17 South, Range 15 West, Lamar
17 County, in the Fernbank Field. I have previously submitted an affidavit of notice that I would
18 like to be admitted at this time, please.

19 MR. ROGERS: The affidavit is admitted.

20 (Whereupon, the affidavit was
21 received in evidence)

1 MR. TYRA: I have also previously submitted an affidavit of testimony which I would
2 ask be submitted as well.

3 MR. ROGERS: The affidavit is admitted.

4 (Whereupon, the affidavit was
5 received in evidence)

6 MR. TYRA: I might note that on that affidavit we notified seventeen parties of this
7 matter. Of the seventeen, we have received leases from nine. We are now force pooling the
8 interest of Weyerhaeuser Company, Latex GOC Acquisition, Inc./Germany Oil Company,
9 McM-Petro-One Ltd., H. Wayne Stafford, William P. Wooten, Robert K. Mansfield, Rick L.
10 Ericksen and Charles and Crystal Bridges, the other parties having leased. I would submit this to
11 the Board on the basis of those affidavits.

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

14 MR. TYRA: Thank you.

15 MR. ROGERS: Thank you, Mr. Tyra. The next item is Item 15, Docket No. 4-8-984,
16 petition by KWB Oil Property Management, Inc.

17 MR. TYRA: I'll have one witness, Mr. Rogers.

18 MR. ROGERS: Sir, will you stand and state your name and address?

19 MR. EPPES: My name is Mark Eppes. I live at 1616 Westbrook Road, Jackson,
20 Mississippi.

21 (Witness was sworn by Mr. Rogers)

1 MR. TYRA: Again, I'm John Tyra on behalf of KWB. This is another force pooling
2 request, without the imposition of risk compensation. This is concerning the North Half of
3 Section 6, Township 20 South, Range 15 West, Pickens County, Alabama. I have prefiled an
4 affidavit of notice in this matter as well which I would ask be admitted and made a part of the
5 record, please.

6 MR. ROGERS: The affidavit is admitted.

7 (Whereupon, the affidavit was
8 received into evidence)

9 MR. TYRA: Mr. Eppes, let me ask you if you have previously testified before this
10 Board?

11 MR. EPPES: No, I have not.

12 MR. TYRA: Would you then give the Board and the staff an idea of your educational
13 background as well as your work experience in oil and gas matters?

14 MR. EPPES: I graduated from Millsaps College with a BA in 1976 and have done land
15 work in the oil industry since 1980.

16 MARK EPPES

17 Appearing as a witness on behalf of Petitioner, KWB Oil Property Management, Inc.,
18 testified as follows:

DIRECT EXAMINATION

Questions by Mr. Tyra:

Q. As a landman are you in charge of or are you operating or are you assisting KWB in leasing the area that we are asking be force pooled today?

A. Yes, I am.

Q. We have noticed four parties to be leased--not leased, but force pooled, Joyce Markham, Joanne McCafferty, Jaqueline Stevenson and Ruby Jones. Since the date of filing this have you received notice from any of these parties as to leasing?

A. Joyce Markham has submitted her lease and that is now in hand.

Q. All right. What about the other three?

A. Ms. McCafferty and Ms. Stevenson, I spoke to one of them last night and they indicate those will be coming in shortly.

Q. What about Ruby Jones? We have unknown address on that. Would you briefly describe your efforts to find Ms. Jones?

A. Ruby Jones, we don't know whether she is living or not. Based on records at the courthouse she should not have an interest. It was only in doing the curative that we came up with the possibility of her existence, although there is no certainty to that effect. We checked the general records including the direct and reverse as far as deeds, the miscellaneous records, the probate records, the marriage records in Pickens County and the probate records in Jefferson County. As I said, we also checked with some of the heirs in our curative and talked to the cousin of Ms. Jones as well, that being the daughter

1 of her surviving uncle who is 101 years old. I also checked the Social Security death
2 index in hopes of finding some record as to where she died.

3 Q. In speaking with the gentleman, the 101 year old gentleman, when was the last time that
4 anyone had seen Ms. Jones?

5 A. I did not speak with him directly. It was his daughter that you have to deal with since he
6 is in a nursing home. It was in the 1940's that they last communicated with Ruby Jones.

7 Q. In the event that Ms. Jones is now deceased, do we have her relatives, her brothers or
8 sisters, any surviving brothers or sisters leased?

9 A. Yes, we do.

10 Q. All right, sir. Are you familiar with the term "waste" as it is defined by the laws and
11 statutes of the State of Alabama as well as the Oil and Gas Board?

12 A. I don't know.

13 Q. Are you generally familiar with the fact of how waste could be committed or how waste
14 occurs by the failure to drill necessary wells and things of that nature?

15 A. Sure.

16 Q. In your opinion, would the drilling of this well prevent waste?

17 A. You've lost me, John.

18 Q. If we don't drill this well, will oil be left in the ground?

19 A. Sure.

20 Q. Or hydrocarbons possibly, oil or gas?

21 A. Sure.

1 Q. That would be under the definition of "waste" in Alabama. That would be the
2 commission of waste. So, is it your testimony that it's necessary to drill this well in order
3 to produce the hydrocarbons that are in there at this point?

4 A. Yes.

5 Q. All right. Would it also, in your opinion, protect the coequal and correlative rights of all
6 the people in the unit if we do, in fact, go in and drill this well at this time?

7 A. Yes.

8 MR. TYRA: I would tender the witness to the staff for any questions you may have.

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

11 MR. TYRA: Thank you.

12 (Whereupon, the affidavit of
13 testimony was received in evidence)

14 MR. ROGERS: The next item is Item 16, Docket No. 4-8-985, petition by Union Oil
15 Company of California.

16 MR. GRAHAM: Mr. Rogers, we have some documents that we don't necessarily request
17 be admitted as exhibits although they certainly can if the Board wished but for illustrative
18 purposes they may be helpful.

19 MR. ROGERS: All right. We'll take those.

20 MR. GRAHAM: Mr. Rogers, I have one witness.

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

1 MR. ROMERO: Dennis Romero, 1411 North Chase Street, Jennings, Louisiana.

2 (Witness was sworn by Mr. Rogers)

3 MR. GRAHAM: Mr. Romero, by whom are you employed?

4 MR. ROMERO: Union Oil Company of California.

5 MR. GRAHAM: What is your job title?

6 MR. ROMERO: I am Senior Advising Drilling Engineer for Unocal.

7 MR. GRAHAM: Have you ever testified before this Board other than by submission of
8 affidavit?

9 MR. ROMERO: No, I have not.

10 MR. GRAHAM: Could you describe for the Board briefly your background and
11 experience in the area of petroleum engineering?

12 MR. ROMERO: I graduated from the University of Southwestern Louisiana in 1970.
13 I've been working for Unocal ever since. I've worked in production for about nine years and in
14 drilling for approximately 20 years.

15 MR. GRAHAM: What was your degree in at Southwestern Louisiana?

16 MR. ROMERO: In petroleum engineering.

17 MR. GRAHAM: For the past ten years or so have you been working in drilling activities
18 for Unocal?

19 MR. ROMERO: Yes, I have.

20 MR. GRAHAM: Could you describe for the Board--have you had any particular
21 experience in the Chunchula Field in Mobile County?

1 MR. ROMERO: I've been involved with numerous workovers in Chunchula and also in
2 the drilling of three specific wells under the packerless completion order.

3 MR. GRAHAM: Are you a member of any professional organizations or associations?

4 MR. ROMERO: Yes, I am. I'm a member of SPE, API and AADE

5 MR. GRAHAM: Mr. Rogers, we would ask that Mr. Romero be recognized as an expert.

6 MR. ROGERS: He is so recognized.

7 DENNIS ROMERO

8 Appearing as a witness on behalf of Petitioner, Union Oil Company of California,
9 testified as follows:

10 DIRECT EXAMINATION

11 Questions by Mr. Graham:

12 Q. Mr. Romero, this petition requests the approval of a completion method for a proposed
13 new well in Chunchula without the use of a packer and also open hole. Is that correct?

14 A. That is correct.

15 Q. The petition and an affidavit that you have previously furnished details the proposed
16 method of completion. Is that correct?

17 A. That's correct.

18 Q. Can you explain to the Board the reasons why you are requesting completion without the
19 use of a packer?

1 A. Okay. The packerless completion provides a more efficient and safe method of
2 completion for these low pressure wells in Chunchula. It also is more economical.
3 Those are the three factors we considered in this particular design.

4 Q. You said these were low pressure wells. Can you elaborate on that?

5 A. The bottom-hole pressure in Chunchula averages about 3,500 psi at 1,805 TVD which is
6 below a fresh water gradient. So, it is subnormal pressure.

7 Q. What were the original bottom-hole pressures at Chunchula?

8 A. 9,300 psi was the original pressure.

9 Q. Okay. Have you been involved in any previous packerless completions at Chunchula?

10 A. Yes, I have been involved in the Wright-Turner 3-10 No. 2 that was drilled in '96. The
11 other completion was the Arthur Outlaw 35-13 No. 1 that was drilled in '93.

12 Q. Have you encountered any problems with these wells associated with the lack of a
13 packer?

14 A. No, I have not.

15 Q. Does the lack of a packer on a well pose any issues connected with safety or
16 environmental matters?

17 A. Not for these low pressure wells. No, it does not concern any safety issues that I can
18 think of.

19 Q. Will you be required to implement gas lift operations for this well?

1 A. Yes, we will. At some day we're thinking it's going to flow for a time when we first turn
2 it on and then eventually we will need some gas lift assistance. We're expecting the
3 bottom-hole pressures in this well to be in the 3,500 to 4,000 range like the others are.

4 Q. Would the use of a packer interfere with your gas lift operations?

5 A. It would hurt the workover potential for it. If we had to go in and clean out the open hole
6 our choices would be limited. We would have to go inside with coil tubing which may or
7 may not be able to go inside this high angle hole that we're going in. Without a packer
8 we could get on it with a workover rig and go in with tubing and fairly easily get in and
9 clean out the hole if we had to. The packer would also, if we had to work it over, have to
10 be burned over. It would complicate matters quite a bit.

11 Q. You mentioned that there were some cost savings involved with the lack of a packer.
12 Can you explain that?

13 A. There are some cost savings involved in this one. If we were not to complete this as a
14 packerless completion our technique would be to do it as a concentric completion using
15 3-1/2 tubing by 2-1/16 with an internal string. These tubing strings verses one would cost
16 additional monies. I'm estimating in the \$200,000 to \$250,000 savings for doing this as a
17 packerless in this particular well since we are completing this with 7-5/8 casing.
18 Normally we would complete them--the vertical holes with 5-inch or 5-1/2 inch. This is
19 going to be 7-5/8 because of the directional tools that we are going to use for this well--
20 for this horizontal. Four and three quarter tools are the more proven tools to do this type
21 of work in the temperature environment that we are working in.

1 Q. Mr. Romero, you are also requesting permission to complete this well in an open-hole
2 fashion. Is that correct?

3 A. That is correct.

4 Q. Could you explain to the Board the reasons why you want to do that?

5 A. Well, the open hole provides us more contact area for the reservoir and less pressure draw
6 down than what we would have if we had used a perfed casing completion across the
7 reservoir. It will provide a better chance to enhance the production afterwards as far as
8 flowback and provide a better drain hole with more efficiency for draining the reservoir.

9 Q. Would there be any additional risks associated for this particular well if you did install
10 casing?

11 A. The risks would be in getting the casing to bottom in the curve section of the hole. We're
12 talking about a 47-1/2 degree build rate that we would have to get casing around. The
13 potential for sticking that would be pretty high. If we did stick it, of course, where we
14 stuck it would probably be where we left it and we would lose the rest of the hole.

15 Q. Does the completion of this well open hole pose any safety or environmental concerns?

16 A. No safety or environmental concerns are proposed by this. We will have 7-5/8 casing set
17 at 18,291 and cemented to 16,000 feet. Above that we will have 9-5/8 casing set at 6,900
18 cemented to surface and 13-3/8 set at 3,200 feet cemented to surface. Everything will be
19 protected. The fresh water sands will be protected and any other contamination that
20 could occur will be protected by this program.

21 Q. What method of drilling do you propose to use for the bottom of this well?

1 A. We're going to drill it with a 9.2 to 9.4 pound per gallon drilling fluid which will contain
2 all the bottom-hole pressures. It will be overbalanced drilling.

3 Q. You do not proposed to drill this underbalanced?

4 A. No, I don't.

5 Q. Now, you have made some allusion to the fact that this is a horizontal completion?

6 A. Yes, it is.

7 Q. We have given to the staff for illustrative purposes a cross section. Is that correct?

8 A. That's correct. This is the proposed--directional drilling plat that we're looking at
9 showing the horizontal as well as the vertical profile for it.

10 Q. Mr. Romero, are you familiar with the Alabama definition of "waste"?

11 A. Yes, I am.

12 Q. In your opinion would the granting of this petition prevent waste?

13 A. Yes.

14 MR. GRAHAM: Mr. Rogers, we have no further questions at this time.

15 DENNIS ROMERO

16 EXAMINATION BY BOARD/STAFF

17 Questions by Dr. Bolin:

18 Q. Mr. Romero, I know that Union has directional wells in Chunchula. Is this the first
19 attempt--will this be the first attempt for a horizontal well?

20 A. That is correct.

1 Q. I think from the information that you have provided, this will be a--the horizontal portion
2 will be a distance of over 3,100 feet?

3 A. That's correct.

4 Q. Given the fact that Smackover reservoirs tend to be compartmentalized and you are
5 drilling this distance, how comfortable or how much assurance do you have that you
6 would encounter low pressure over that distance and maybe not get into a compartment
7 that has virgin pressure?

8 A. Are you talking about maybe encountering some nonpermeable rock and then getting into
9 some permeable rock?

10 Q. Right.

11 A. There is some chance in between this. We're going to be starting out in the four and five
12 layer that we have identified. That is the most permeable layer in Chunchula and has
13 been identified in offset wells. They are drilled on 640-acre spacing so there is a
14 potential of finding rock that is impermeable in this 3,000 foot lake that we are going to
15 drill. That is why we are wanting to extend it as far as possible to encounter as much of
16 the permeable rock as we can with this one wellbore.

17 Q. Given that possibility, your premise has been based on terms of safety issues that this is a
18 low pressure well. Would there be any additional problems or concerns or would you
19 feel like you would be able to handle any kind of high pressure that you might encounter
20 from a safety standpoint?

1 A. Oh, yes. With the 9.4 pound per gallon mud, even with the highest pressure, we will be
2 able to handle that. We don't expect to encounter virgin pressure anywhere in this
3 horizontal lake.

4 MR. ROGERS: Mr. Graham, do you want to admit these?

5 MR. GRAHAM: I leave that to the staff's discretion. They certainly may be admitted. I
6 guess let's do that.

7 (Whereupon, the exhibits
8 were received in evidence)

9 MR. ROGERS: Anything else, Mr. Graham?

10 MR. GRAHAM: No, sir.

11 MR. ROGERS: The staff will review the evidence and make a recommendation to the
12 Board. Thank you. The next item is Item 17, Docket No. 4-8-986, petition by Black Warrior
13 Methane Corporation.

14 MR. WATSON: Mr. Rogers, if we could consolidate Items 17 and 18 for hearing
15 purposes, please.

16 MR. ROGERS: Those items are consolidated.

17 MR. WATSON: These consolidated petitions propose to amend Rule 2 of the Special
18 Field Rules for the Brookwood Coal Degasification Field to add parcels and to amend Rule 2 of
19 the Special Field Rules for the Oak Grove Coal Degasification Field in order to delete the same
20 area from Oak Grove that we propose to add to the Brookwood Field. I have prefiled an
21 affidavit of notice in Docket No. 4-8-987 and would ask that that be admitted to the record.

1 MR. ROGERS: The affidavit of notice is admitted.

2 (Whereupon, the affidavit was

3 received in evidence)

4 MR. WATSON: I have prefiled affidavits of testimony in support of these two petitions
5 to delete from Oak Grove and add to the Brookwood Coal Degasification Field, those affidavits
6 with attached plats prepared by Stephen Blackburn. I would ask that they be admitted to the
7 record.

8 MR. ROGERS: Those affidavits are admitted.

9 (Whereupon, the affidavits with attached

10 plats were received in evidence)

11 MR. WATSON: I submit the matters on the basis of the affidavits of testimony
12 supporting those two petitions.

13 MR. ROGERS: The staff has no questions. We will review the evidence and make a
14 recommendation to the Board. The next item is Item 19, Docket No. 4-8-988, petition by Black
15 Warrior Methane Corporation.

16 MR. WATSON: There is a prefiled affidavit of notice in this matter and I would like to
17 have that admitted.

18 MR. ROGERS: The affidavit of notice is admitted.

19 (Whereupon, the affidavit was

20 received in evidence)

1 MR. WATSON: This is a petition by Black Warrior Methane to reform an 80-acre unit to
2 a 40-acre unit in the Brookwood Coal Degasification Field. That's for the Gulf States 24-12-5
3 well currently on an 80-acre unit consisting of the West Half of the Southwest Quarter of Section
4 24, 19 South, 8 West. We propose to reform that to a 40-acre unit consisting of the Northwest
5 Quarter of the Southwest Quarter of Section 24. I have prefiled an affidavit of testimony of Mr.
6 R. G. Sanders in support of this unit reformation. I would ask that that affidavit of testimony be
7 made a part of the record.

8 MR. ROGERS: The affidavit is admitted.

9 (Whereupon, the affidavit was
10 received in evidence)

11 MR. WATSON: This matter was previously granted by Emergency Order E-98-19 on
12 March 25, 1998, after the Board received in support of that emergency petition a letter from Gulf
13 States Paper Corporation, owner of the 80 acres, voicing no contest to the reformation. I would
14 ask that that letter be made a part either by reference or, in fact, a part of the record of this
15 hearing.

16 MR. ROGERS: We have a copy of that letter and it will be admitted into the record.

17 (Whereupon, the letter was
18 received in evidence)

19 MR. WATSON: I submit the petition on the basis of those documents in support.

1 MR. ROGERS: The staff has no questions. We will review the evidence and make a
2 recommendation to the Board. Item 22, Docket No. 4-8-9811A, petition by Four Star Oil & Gas
3 Company.

4 MR. WATSON: This matter comes on publication notice on behalf of Four Star Oil and
5 Gas. They are requesting the Board to enter an order approving an exception to Rule 5 of the
6 Special Field Rules for the Hatter's Pond Unit to allow for an open hole completion for a
7 sidetrack well to be drilled within the productive formation without the use of conventional
8 drilling fluids, using instead a gas type fluid. This is for the proposed Hatter's Pond 10-11 No. 3
9 sidetrack well. Mr. Rogers, I have prefiled an affidavit of testimony by Mr. Will Pecue along
10 with exhibits in support of that affidavit prepared by Warren Greenwalt. I do not yet have this
11 morning the original of that affidavit of testimony of Mr. Pecue. You have copies in the
12 booklets. I would ask that you leave the record open for the submission of the original affidavit
13 that is in transit via Federal Express this morning. I expect it before noon and it will be delivered
14 here.

15 MR. ROGERS: This affidavit and the attached exhibits will be admitted subject to the
16 receipt and admitting into the record of the original.

17 (Whereupon, the affidavit with
18 attached exhibits were received
19 in evidence)

1 MR. WATSON: I would ask that you make your recommendation to the Board based on
2 the evidence contained in the affidavit along with the supporting booklet of exhibits prepared by
3 Mr. Greenwalt.

4 MR. ROGERS: Dr. Bolin?

5 DR. BOLIN: I would also ask that we incorporate into the record the Docket No. 1-7-
6 981 particularly in regard to all the testimony on the safety issues that would be applied to this
7 well.

8 MR. WATSON: That's for the 4-10 No. 2 well that was previously testified to by Mr.
9 Pecue in the same field. I would join in that request, Mr. Rogers.

10 MR. ROGERS: That will be done. Those items are incorporated.

11 (Whereupon, testimony from Docket
12 No. 1-7-981 was incorporated by
13 reference)

14 MR. ROGERS: The staff has no other questions. We will review the evidence and make
15 a recommendation to the Board upon receipt of the original affidavit. The next item is Item 24,
16 Docket No. 4-8-9813, petition by Union Oil Company of California. I will remind Mr. Romero
17 that he remains under oath.

18 MR. WATSON: Thank you. This is a request by Union Oil of California requesting the
19 Board to approve an exception to Rule 400-1-4-.03 of your Administrative Code relative to the
20 Annie M. Hill et al Unit 9 No. 2 Well in the Movico Field in Mobile County. This is a request to
21 complete the Annie M. Hill well without using a packer. I have prefiled an affidavit of

1 testimony of Mr. Romero along with an attached wellbore schematic. I would ask that that
2 affidavit be admitted into the record of this hearing but I intend to supplement that affidavit with
3 live testimony by Mr. Romero.

4 MR ROGERS: The affidavit is admitted.

5 (Whereupon, the affidavit and exhibit
6 were received in evidence)

7 MR. WATSON: This comes to you on a publication notice, Mr. Rogers.

8 MR. ROGERS: All right.

9 DENNIS ROMERO

10 Appearing as a witness on behalf of Petitioner, Union Oil Company of California,
11 testified as follows:

12 DIRECT EXAMINATION

13 Questions by Mr. Watson:

14 Q. Mr. Romero, you are familiar with the Movico Field, are you not?

15 A. Yes, I am.

16 Q. Are you in charge of the current drilling operation that is ongoing now with the Annie M.
17 Hill Unit 9 well that I have just discussed?

18 A. Yes, I am.

19 Q. Attached to your affidavit is an Exhibit No. 1 which is a wellbore schematic of the well
20 without a packer. Would you briefly explain that wellbore diagram to the staff, please?

1 A. Okay. We have 16-inch conductor casing set at 136, 9 5/8-inch protection casing--
2 surface casing set at 3,404, 7 5/8-inch intermediate casing set at 11,561, and then 5-inch
3 production casing set at TD of 17,893. We are completing the well with 2 3/8-inch
4 tubing with the end of the tubing being at 17,008 plus or minus.

5 Q. All right. Had you intended to complete this well with a packer, this is not the well
6 configuration that you would have designed and utilized at this particular location, is it?

7 A. Well, typically when we drill wells which would be similar to Chunchula we would be
8 drilling with the concentric-type completion that I previously talked about, the 3 1/2-inch
9 by 2 1/16-inch. That would require larger casing sizes on this particular well to
10 accommodate that type of completion.

11 Q. All right. The Movico Field is in an estuary environment. In fact, Mr. Romero, it is
12 classified under our offshore rules and has spacing for the Annie M. Hill Unit 9 Well of
13 640 acres. Is that correct?

14 A. That's correct.

15 Q. Your company is currently drilling this Annie M. Hill Unit 9 No. 2 Well. Is that right?

16 A. That's correct.

17 Q. At last report where were you in that drilling process?

18 A. Approximately at 15,800 measured depth, 1505 TVD.

19 Q. This is a directionally drilled well?

20 A. Yes, it is. It's an S-curve type well.

- 1 Q. All right, sir. You are basically drilling under the Alabama River to a target almost on
2 the other side of the river from the surface location.
- 3 A. Well the bottom-hole location is just right on the other side of the Mobile River, yes.
- 4 Q. All right, sir. Now, with the packerless completion that you propose, tell us how that will
5 allow you to control problems if you have any in this operation and the completion of this
6 well.
- 7 A. Okay. The bottom-hole pressure of this particular reservoir, this Smackover that we are
8 anticipating completing in, is about 5,000 pounds. It can be controlled by just killing it
9 with fresh water. We could just get on it and circulate fresh water down the tubing string
10 and down the casing to kill it. It would be a fairly simple kill operation.
- 11 Q. As opposed to having a packer in the completion process, what would that require if you
12 had to kill the well?
- 13 A. You would have to kill both sides. You would probably have to punch a hole in the
14 tubing to circulate out the casing or pull out the seal from the packer. There has been a
15 problem in the past getting seals out. That would complicate the operation too. It would
16 be a much simpler kill operation with just a single string of 2 3/8 in it.
- 17 Q. It is your recommendation to the staff that this completion without a packer for this
18 particular well is safe and a reasonable way to complete this well?
- 19 A. Yes, it is safe and reasonable.

1 Q. That realizes that the margin of error in this area of the state, in the Movico Field as I
2 have just described it in an offshore estuary environment, is also taken into account by
3 you when you make that statement?

4 A. Yes, sir. This completion would protect everything and we would be in as good a shape
5 as a packer or better.

6 Q. In your affidavit of testimony which has been admitted to record, you speak there of a
7 \$500,000 savings that Union would realize if this completion is allowed without a packer.
8 Can you elaborate on how that \$500,000---

9 A. Okay. That's derived from my previous testimony about completing a well with a 3-1/2
10 by 2-1/16 concentric. If we did not have this or did not have a reasonable expectation
11 that this would be granted, then we would possibly have drilled this well differently with
12 larger casing programs and propose the concentric completion which would run the cost
13 up in the neighborhood of \$500,000.

14 Q. Now the Movico Field, unlike the previous testimony that you gave today on Chunchula,
15 is not as one might say a real strong viable producing field, is it?

16 A. No, it isn't. It is a depleting-type field. This is more of an exploratory well. We're
17 going upstructure to some of the production and hopefully we will find a producible
18 reservoir in that spot.

19 Q. If you are successful in finding a producible reservoir in that spot, what would you
20 anticipate insofar as development in this area is concerned?

21 A. Potential development would probably be just one additional well.

1 Q. So, we have a marginal productive area. By that I mean this field came on years ago in
2 the early 80's as a strong field. It produced in its waning days and if this rescue attempt
3 to revive this field is unsuccessful then you won't have to worry about a packerless
4 completion, will you?

5 A. That's right.

6 Q. All right. Hopefully, that will not be the case and if it is as I understand your testimony,
7 the packerless completion will be a safe operation and will give you options that will not
8 be so easy with a packer set and will be a cost savings to the company allowing this
9 marginal field to be further developed?

10 A. That is correct.

11 Q. That's a true definition of preventing waste, isn't it, Mr. Romero, if you can complete this
12 well if you are successful in finding production. Without a packer you will not only
13 recover hydrocarbons that have not been recovered to date but you will save economic
14 resources for the company that could be used to develop additional wells. Is that correct?

15 A. That's correct.

16 MR. WATSON: I tender my witness to you for any questions you have.

17 MR. ROGERS: The staff has no questions. We will review the evidence and make a
18 recommendation to the Board. The next item is Item 26, Docket No. 4-8-9815, petition by
19 Seneca Resources.

20 MR. WATSON: I have prefiled an affidavit of notice in this matter, Mr. Rogers. I would
21 ask that it be made a part of the record of this hearing.

1 MR. ROGERS: The affidavit of notice is admitted.

2 (Whereupon, the affidavit was
3 received in evidence)

4 MR. WATSON: I have handed up to you an affidavit of testimony with exhibits attached
5 by Constance Mento in support of Seneca's petition to force pool 2.4 net mineral acres or
6 approximately 1.5 percent of this unit, without the imposition of risk compensation, this unit
7 being the Blacksher 32-10 No. 1 Well on a 160-acre wildcat drilling unit consisting of the East
8 Half of the Southwest Quarter and the West Half of the Southeast Quarter of Section 32,
9 Township 4 North, Range 6 East, Monroe County, Alabama. Like the previous Four Star order I
10 do not have the original. It is in transit, one of three I expect this morning, original affidavits. I
11 would ask that you admit the copy of the affidavit with its exhibits to the record and leave the
12 record open for the receipt of the original affidavit by Ms. Mento.

13 MR. ROGERS: This affidavit is admitted subject to being replaced by the original. We
14 will leave the record open for the original to be submitted.

15 (Whereupon, the affidavit with
16 attached exhibits were received
17 in evidence)

18 MR. WATSON: I might point out too, Mr. Rogers, that this request was previously
19 approved by Emergency Order 98-8 issued on February 26, 1998.

1 MR. ROGERS: We have a copy of a letter that we received from the Department of
2 Conservation and Natural Resources in which they state that they do not object to force pooling
3 this acreage. A copy of that letter is admitted also.

4 (Whereupon, the letter was received
5 in evidence)

6 MR. WATSON: Thank you.

7 MR. ROGERS: We will leave the record open for submission of the affidavit. At that
8 time we will review the evidence and make a recommendation to the Board. The next item is
9 Item 31, Docket No. 4-8-9820, petition by De Soto Oil and Gas, Inc.

10 MR. WATSON: I have one witness, Mr. Rogers.

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

12 MR. KNISELY: Bill Knisely with De Soto Oil and Gas, 4775 Casenave Drive,
13 Pensacola, Florida.

14 (Witness was sworn by Mr. Rogers)

15 MR. WATSON: Mr. Rogers, I have prefiled an affidavit of testimony in support of this
16 matter by Mr. Knisely. I would ask that that affidavit be admitted to record and I intend to
17 supplement that affidavit of testimony with live testimony of Mr. Knisely. There is no affidavit
18 of notice.

19 MR. ROGERS: The affidavit is admitted.

20 (Whereupon, the affidavit was
21 received in evidence)

1 MR. WATSON: All right, sir. I might point out to you what we are requesting today is
2 the approval of major modifications in the design and installation and use of a sour gas liquid
3 gathering line in Escambia County, Alabama. This action was previously approved by
4 Emergency Order E-98-20 on March 25, 1998. Mr. Knisely is here this morning to bring us up
5 to date on the work that he has been supervising relative to this line. I assume that is a correct
6 statement that I just made, Mr. Knisely?

7 MR KNISELY: It is.

8 MR. WATSON: You have appeared before the Board and have on file an affidavit of
9 your qualifications as an expert petroleum engineer. Is that correct?

10 MR. KNISELY: I do.

11
12 BILL KNISELY

13 Appearing as a witness on behalf of Petitioner, De Soto Oil and Gas, Inc., testified as
14 follows:

15 DIRECT EXAMINATION

16 Questions by Mr. Watson:

17 Q, You are familiar with this 16⁺ mile pipeline that we call the Kelly-ATIC Pipeline
18 Gathering Facility in Escambia County?

19 A. Yes, I am.

20 Q. I have handed up to the staff marked as Exhibit 1 to your testimony this morning a plat
21 map of a portion of this line. I would like, if you would, please, to bring the staff up-to-

1 date as to your current operations to put this line into service, first of all supporting the
2 position that we have to take in Step 1 and that is to prove that the integrity of the line is
3 such that we can use it.

4 A. Okay. There are four segments to the Kelly-ATIC pipeline as we applied in the original
5 permit application that was approved. Segments 1 through 3 are comprised of a new
6 installed 4-1/2 inch flowline pipe. Approximately 95 to 98 percent of that work has been
7 completed to date. Segment 4 consists of used flowline, the Scott Paper Company 2-7
8 flowline and the old Exxon flowline that Vintage Petroleum operates now. We were
9 unable to secure all the ownership in that line to be able to use it. We have since come to
10 the Board and requested the ability to use an old General Crude ATIC Fee No. 1 flowline
11 that runs in the same exact pipeline right-of-way as the Scott Paper 2-7. In order to use
12 the ATIC Fee No. 1 line we will have to lay one additional mile of line--approximately
13 one additional mile of line, 5,100 feet of new line, from Segment 3 to extend Segment 3
14 over to the new Segment 4 which would consist of the ATIC Fee No. 1 flowline.. Up to
15 this date we have flushed the line, pressure tested it, ran some pigs through the line
16 successfully, ran a dummy Kinley caliper tool through the line and got it hung up in one
17 expansion loop, cut that expansion loop out and replaced it with a straight run of new
18 pipe and got the dummy Kinley caliper through. As of yesterday we have finished. We
19 got the Kinley caliper tool through the entire line yesterday and we are sending it to
20 Houston to get the results analyzed and get the information back to you.

1 Q. Now that caliper that you ran through the line that you have now sent off to Houston, that
2 information will come back to give you information on the inside diameter of the pipe. Is
3 that right?

4 A. Right. It should give us good information on the shape of the inside diameter of the
5 existing 4-1/2 inch Schedule 120 line that is in place.

6 Q. All right. Let me just for a point of clarification ask you a couple of questions about your
7 attempts to secure the initial segment of pipeline here that you were unable, based on
8 your testimony, to gain from Vintage Petroleum. Is it not true that your company owned
9 an undivided interest in that line and acquired some additional interest up to
10 approximately 25 percent. It was from that position that you were trying to deal with
11 Vintage to acquire that line.

12 A. Right. We initially owned approximately 15 percent of that line and bought interest up to
13 25 percent. Vintage had over 50 percent of the line. We were trying to work with them.
14 It didn't seem to be so much of a pricing problem as they didn't want to give up the
15 chance of possibly using that line for future use in the field. It took them over six months
16 to give us a no answer on it. They just kept saying we'll keep looking at, we'll keep
17 looking at it. We finally had to take some other alternative course in our construction
18 plan.

19 Q. All right, sir. Did you have any experiences in running these dummies through and the
20 pigs through the line before you ran the caliper? Were there any major obstructions?

1 A. Just the one expansion loop where we found that they had made a field bend in one of the
2 90 degree radius bends in the line instead of using the factory installed bend in there.
3 That's the only problem that we have run into so far. Everywhere we have cut the line
4 and been able to look at it at both ends and in the middle at that expansion loop, the pipe
5 looked in great shape, no pitting. It looked like good original wall thickness. There was
6 no evidence of any type of corrosion where we have cut into it so far.

7 Q. That field bent line in that loop, this is a buried expansion loop, right?

8 A. Right. It's anywhere from about 4 to 8 foot deep below the ground level.

9 Q. You were able to actually view that, as you have described, field bent line, and there were
10 crimps in there and that, in your opinion, prevented your pig and caliper from getting
11 through?

12 A. Right. The bends in the pipeline--all the radius bends were five feet. That is the
13 minimum diameter that Kinley's tool would normally navigate through successfully.
14 We're working right at the edge and it appeared that the one bend that they made in the
15 field was just a little bit too sharpe for the bend and it just physically couldn't fit through
16 there.

17 Q. So you are presently awaiting the results of this caliper study. That caliper study--the
18 results of that study will be made available to the staff as a part of Step 1 of the process to
19 approve this line in addition to the 5,100 feet that you have got to construct to put the two
20 portions together, correct?

21 A. Yes, it will.

1 Q. What about the timing on the 5,100 feet of new line that you've got to lay. What are your
2 plans there?

3 A. The same general contractor who has laid the remainder of the new line is going to be
4 laying that line for us. They should be moving on it imminently in the next day or two to
5 start that line. We would expect it's not going to take any longer than two weeks to lay
6 it.

7 Q. If the caliper survey comes back and if the staff is satisfied that the integrity of the line
8 that you have just surveyed is in good shape and is ready for testing and service, when do
9 you anticipate being able to put this line in service and produce the hydrocarbons that
10 have been shut in for so long, some of which have been flared?

11 A. We anticipate before May--sometime during the latter part of April.

12 Q. That you would have the line in service?

13 A. Right.

14 Q. All right. Will the approval of this major modification that we have petitioned for that
15 the Board has already approved by the emergency order that I mentioned, in your
16 opinion, prevent waste and protect coequal and correlative rights of parties all up and
17 down this line that have wells that would connect to it, would it not?

18 A. Yes, it will.

19 MR. WATSON: I tender Mr. Knisely to the staff for any questions that you have. Mr.
20 Rogers, while they are conferring I would ask that you admit Exhibit 1 to the testimony of Mr.
21 Knisely into the record.

1 MR. ROGERS: The exhibit is admitted.

2 (Whereupon, the exhibit was
3 received in evidence)

4 MR. ROGERS: The staff has no questions. Anything else, Mr. Watson?

5 MR. WATSON: That's all we have.

6 MR. ROGERS: We will review the evidence and make a recommendation to the Board.

7 The last item bears no item no, Docket No. 4-8-9822, petition by Cobra Oil and Gas Corporation.

8 MR. WATSON: Mr. Rogers, this is a petition by Cobra also to ask the Board to enter an
9 order approving a modification of previously approved plans for the construction of a sour
10 flowline in Escambia County, a sour flowline from the MacMillan 3-9 No. 1 Well to the
11 Appleton Unit. I have handed up to you an affidavit of testimony of Glen Waugh, a petroleum
12 engineer with Cobra Oil and Gas, in support of this petition. The fact of the matter here is that
13 the Board had previously approved the use of an existing line that was idle. That line, in fact,
14 became necessary to be used when the Appleton well, the Appleton 2-14, was sidetracked and
15 completed as a producer. We needed the line to carry a product to the plant so we've had to lay a
16 new line to the plant. That's Mr. Waugh's testimony in his affidavit. Again, this is the third
17 affidavit, an original of which is in transit. It should be here before noon today. I would ask that
18 you admit the copy to record leaving the record open to substitute the original affidavit in
19 support of this matter.

20 MR. ROGERS: This affidavit is admitted subject to submission of the receipt of the
21 original affidavit.

(Whereupon, the affidavit was
received in evidence)

MR. WATSON: That's all I have on this matter.

MR. ROGERS: Let's see, Mr. Watson. We want to put into the record on this one the
publication notices.

MR. WATSON: Yes.

MR. ROGERS: We have the publication notice from the Tri City Ledger in Escambia
County. That will be admitted.

(Whereupon, the proof of publication
was received in evidence)

MR. WATSON: We are awaiting, I think, one more that will be here that is in the mail.
We submitted a fax copy to you yesterday, the original was already put in the mail. I will file
that as soon as the mail runs today. You might want to receive that into your record before you
close it also.

MR. ROGERS: We'll just admit into the record the copies from the other newspapers,
Birmingham and Mobile. Those will be admitted. When we receive the one from the
Montgomery paper, it will be admitted. We will leave the record open for that.

(Whereupon, the proofs were
received in evidence)

MR. WATSON: Hopefully, when our rules are adopted we will no longer have to
contend with the contentious Montgomery Advertiser.

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MR. ROGERS: The hearing is adjourned.

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(Whereupon, the hearing was adjourned at 11:05 a.m.)

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I further certify that I am neither kin or counsel to the parties to said cause, nor in any manner interested in the results thereof.

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