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1.	C. Ray Harris	---	---	17-18
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11-5-79  
AC

MR

EXHIBITS

<u>EXHIBIT NO. (ITEM NO.)</u>	<u>TITLE (TESTIMONY OF)</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Board Exhibit	Order appointing M. Rogers Hearing Officer	14	14
Exhibit 1 (Item 14)	Affidavit of notice (John Foster Tyra)	22	22
Exhibit 2 (Item 14)	9/27/99 letter to Board (David Higginbotham)	23	23
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Exhibit (1-4) (Item 20)	Affidavit of testimony (Original amended affidavit received 10/1/99 following hearing on 9/28/99) (Bobby Ray Greer)	26	26
Exhibit 1 (Item 20)	Structure map, top of Eutaw formation Gilbertown Field (Bobby Ray Greer)	26	26
Exhibit 2 (Item 20)	Form OGB-1B M. Adams No. 4, Gilbertown Field (Bobby Ray Greer)	26	26
Exhibit 3 (Item 20)	Well location plat, M. Adams No. 4, Gilbertown Field (Bobby Ray Greer)	26	26

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 4 (Item 20)	Workover procedure, M. Adams No. 4, Gilbertown Field (Bobby Ray Greer)	26	26
Exhibit 1 (Item 21)	Affidavit of testimony (Eric Hutchens)	26	26
Exhibit 1 (Item 22)	Affidavit of testimony (Joseph F. Smith, Jr.)	27	27

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

September 28, 1999

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 28<sup>th</sup> day of September, 1999.

BEFORE:

Mr. Marvin Rogers..... Attorney

BOARD STAFF

Dr. Donald F. Oltz ..... Secretary and Supervisor

Mr. Gary Wilson ..... Deputy Supervisor

Mr. Jay H. Masingill .....Assistant Supervisor

Mr. David E. Bolin.....Assistant Supervisor

Mr. Richard Hamilton..... Engineer

APPEARANCES

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NAME	REPRESENTING
1. Cleo Allbritton 350 County Road 511 Hanceville, AL 35077	Pewterfork Oil & Gas
2. C. Ray Harris P.O. Box 237 Bountsville, AL 35031	Pewterfork Oil & Gas
3. Paul McGee P.O. Box 9067 Columbus, MS 39705-0016	McGee, Ltd.
4. John Tyra Tuscaloosa, AL	Medallion
5. Foster Kennedy Aberdeen, MS	Medallion
6. Tom Watson Tuscaloosa, AL	-----
7. David Higginbotham Raymond, MS	Step Oil

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PROCEEDINGS

(The hearing was convened at 10:00 a.m. on Tuesday,  
September 28, 1999, 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  
SEPTEMBER 28 & OCTOBER 1, 1999

The State Oil and Gas Board of Alabama will hold its regular monthly meeting at  
10:00 a.m. on Tuesday, September 28, 1999, in the Board Room of the State Oil  
and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama,  
and Friday, October 1, 1999, at the Brookley Learning Center, 4172  
Commanders Drive, Mobile, Alabama, to consider among other items of  
business the following petitions:

1. DOCKET NO. 4-8-9814  
Continued petition by UNIT MANAGER, CITRONELLE UNIT, Citronelle  
Field, Mobile County, Alabama, requesting the State Oil and Gas Board to enter  
an order authorizing the Unit Manager to convert the D-8-7 Well, Permit No.  
994, to a fresh water injection well pursuant to Article 3.1.3(d) of the Unit  
Agreement for the Citronelle Unit and Rule 14 (1)(A) of the Special Field Rules.  
The D-8-7 Well is located 673.5 feet from the West line and 673.3 feet from the  
South line of the Southwest Quarter of the Northeast Quarter of Section 8,  
Township 1 North, Range 2 West, in the Citronelle Unit, Citronelle Field,  
Mobile County, Alabama.

1 2. DOCKET NO. 5-13-9817

2 Continued petition by JN EXPLORATION & PRODUCTION LIMITED  
3 PARTNERSHIP, a foreign limited partnership authorized to do and doing business  
4 in the State of Alabama, requesting the State Oil and Gas Board to make a  
5 determination pursuant to Section 40-20-1(22) and Section 40-20-2(2), *Code of*  
6 *Alabama* (1975), that the Southeast Frisco City Unit, Monroe County, Alabama,  
7 qualifies as a "Qualified Enhanced Recovery Project" as defined in said statutes and  
8 to make a determination of the projected annual oil or gas production that could  
9 have otherwise been produced without the benefit of the initiation of said Qualified  
10 Enhanced Recovery Project.

11  
12 3. DOCKET NO. 12-16-987

13 Continued petition by DE SOTO OIL & GAS, INC., a foreign corporation  
14 authorized to do and doing business in the State of Alabama, requesting the State  
15 Oil and Gas Board to enter an order amending Rule 7 of the Special Field Rules  
16 for the Northwest Smiths Church Field, Escambia County, Alabama, in order to  
17 establish permanent allowables for wells completed in said field.

18  
19 4. DOCKET NO. 6-29-998

20 Continued petition by the UNIT MANAGER OF THE CITRONELLE UNIT,  
21 Citronelle Field, Mobile County, Alabama, requesting the State Oil and Gas  
22 Board to (1) determine whether its orders pertaining to secondary recovery  
23 operations in either the Southeast Citronelle Unit, Board Order Nos. 64-4 and 64-  
24 5(E), or the East Citronelle Unit, Board Order Nos. 64-32 and 65-8, have been  
25 violated so as to cause improper uncompensated drainage of oil from the  
26 Citronelle Unit, and (2) if the Board finds that improper uncompensated drainage  
27 did occur from the Citronelle Unit, what volume of said drainage was produced  
28 by either the Southeast Citronelle Unit and/or the East Citronelle Unit. Petitioner  
29 also contends that the Southeast Citronelle Unit as well as the East Citronelle  
30 Unit were operated in a manner that resulted in an unjust enrichment to the  
31 owners of those Units and to the detriment of the owners in the Citronelle Unit.

32  
33 This petition is filed following an Order issued on February 11, 1999, by the  
34 Circuit Court of Mobile County, Alabama, in a case styled *R.H. Stechmann, Unit*  
35 *Manager of the Citronelle Unit, et al. v. Merit Energy Company, et al.*, Civil  
36 Action No. CV-98-210.

37  
38 5. DOCKET NO. 8-18-994

39 Continued petition by SAMSON RESOURCES COMPANY, a foreign  
40 corporation, authorized to do and doing business in the State of Alabama,  
41 requesting the State Oil and Gas Board to enter an order force pooling, with a risk

1 compensation penalty, all tracts and interests in hydrocarbons produced from  
2 formations of Mississippian and Pennsylvanian Age from a well to be drilled on a  
3 unit consisting of the North Half of Section 16, Township 16 South, Range 16  
4 West, Lamar County, Alabama, in the Yellow Creek Field. This Petition is in  
5 accordance with Section 9-17-13, *Code of Alabama* (1975), as amended, and Rule  
6 400-1-13-.01 of the *State Oil and Gas Board of Alabama Administrative Code*.

7  
8 6. DOCKET NO. 8-18-995B

9 Continued amended petition by MOON-HINES-TIGRETT OPERATING CO.,  
10 INC., a foreign corporation authorized to do and doing business in the State of  
11 Alabama, requesting the State Oil and Gas Board to enter an order force pooling,  
12 with a risk compensation penalty, all tracts and interests in hydrocarbons produced  
13 from formations of Mississippian and Pennsylvanian Age, excluding the Lewis  
14 Sand. Petitioner proposes to drill a well on a 320-acre unit consisting of the South  
15 Half of Section 7, Township 16 South, Range 15 West, Lamar County, Alabama, in  
16 the Star Field. Pruet Production Co. is currently producing its Frontier 7-13 No. 1  
17 Well, Permit No. 6633, from the Lewis Sand Gas Pool on a 320-acre unit consisting  
18 of the West Half of said Section 7. The Petition is in accordance with Section 9-17-  
19 13, *Code of Alabama* (1975), as amended, and Rule 400-1-13-.01 of the *State Oil*  
20 *and Gas Board of Alabama Administrative Code*.

21  
22 7. DOCKET NO. 8-18-9910A

23 Continued amended petition by MEDALLION EXPLORATION, INC., a foreign  
24 corporation, authorized to do and doing business in the State of Alabama,  
25 requesting the State Oil and Gas Board to enter an order force pooling, without a  
26 risk compensation penalty, all tracts and interests in hydrocarbons produced from  
27 a well to be drilled on a unit consisting of the East Half of Section 16, Township  
28 16 South, Range 16 West, Lamar County, Alabama, in the Yellow Creek Field.  
29 This Petition is in accordance with Section 9-17-13, *Code of Alabama* (1975), as  
30 amended and Rule 400-1-13-.01 of the *State Oil and Gas Board of Alabama*  
31 *Administrative Code*.

32  
33 8. DOCKET NO. 9-28-991

34 Petition by PEWTERFORK OIL & GAS, INC., an Alabama corporation,  
35 authorized to do and doing business in the State of Alabama, requesting the State  
36 Oil and Gas Board to enter an order extending the shut-in status of the  
37 Allbritton/Crawford 8-4 #1 Well, Permit No. 11025, located in Section 8,  
38 Township 12 South, Range 3 West, in Cullman County, Alabama. Petitioner is  
39 requesting that the shut-in status be extended for a period of six (6) months from  
40 October 1, 1999, or until the next regular hearing of the State Oil and Gas Board

1 following the expiration of six (6) months, in accordance with Rule 400-1-3-  
2 .06(3) of the *State Oil and Gas Board of Alabama Administrative Code*.

3  
4 9. DOCKET NO. 9-28-992

5 Petition by LOCAL, INC., an Alabama corporation, requesting the State Oil and  
6 Gas Board of Alabama to enter an order approving and force pooling or  
7 integrating, with a risk compensation fee, all tracts and interests in gas produced  
8 from the Gilmer and Carter sands from a well to be drilled on a unit consisting of  
9 the West Half of Section 16, Township 14 South, Range 14 West, Lamar  
10 County, Alabama, containing 320 acres, more or less, in the Fairview Gas Field;  
11 requiring all other owners or claimants of royalty, mineral, leasehold and all  
12 other, gas and mineral interest within said unit to integrate their interest and to  
13 develop their land and any interest therein as a drilling and producing unit; and  
14 designating and approving Petitioner as the operator of the well to be drilled  
15 within said unit.

16  
17 Petitioner proposes to drill a well with a location in the Southeast Quarter of the  
18 Southwest Quarter of Section 16, and with a proposed location 990 feet from the  
19 South line and 1,980 feet from the West line of said Section 16, Township 14  
20 South, Range 14 West, Lamar County, Alabama, to be named the Burnett 16-14  
21 No. 1 Well.

22  
23 Petitioner, as operator of the proposed unit proposed to be integrated or pooled,  
24 will request the State Oil and Gas Board to impose a risk compensation fee in  
25 accordance with the provisions of Section 9-17-13, *Code of Alabama*, 1975, as  
26 amended by Act No. 89-916, as to those owners subject to such risk  
27 compensation.

28  
29 10. DOCKET NO. 9-28-993

30 Petition by JN EXPLORATION & PRODUCTION LIMITED PARTNERSHIP,  
31 a foreign limited partnership authorized to do and doing business in the State of  
32 Alabama, requesting the State Oil and Gas Board (hereinafter "Board") to enter  
33 an order pursuant to Section 9-17-80, et seq. of the *Code of Alabama* (1975), as  
34 amended, approving and establishing a partial fieldwide unit for the South Frisco  
35 City Sand Oil Pool of the Frisco City Field to be known as the Frisco City Unit,  
36 hereinafter more particularly defined and referred to herein as the "Unitized  
37 Area," consisting of the following described tracts in Monroe County, Alabama,  
38 to-wit: The North Half of Section 12; the North Half of the Northeast Quarter of  
39 the Northwest Quarter of the Southeast Quarter of Section 12; the Northeast  
40 Quarter of the Northwest Quarter of the Northwest Quarter of the Southeast  
41 Quarter of Section 12; the North Half of the Northwest Quarter of the Northeast

1 Quarter of the Southeast Quarter of Section 12, Township 5 North, Range 6 East,  
2 Monroe County, Alabama, and requiring the operation of said Unit Area as a  
3 partial fieldwide unit for pressure maintenance, enhanced recovery, development  
4 and production of oil, gas, gaseous substances, condensate, distillate and all  
5 associated and constituent liquid or liquefiable substances within or produced  
6 from the unitized interval in order to prevent waste, to maximize recovery of the  
7 unitized substances, to avoid the drilling of unnecessary wells, and to protect the  
8 coequal and correlative rights of interested parties.  
9

10 The "Unitized Formation" is to be designated as the South Frisco City Sand Oil  
11 Pool in the Frisco City Unit and shall be construed to mean those strata of the  
12 Haynesville Formation productive of hydrocarbons in the interval between  
13 12,337 feet MD to 12,373 feet MD on the Compensated Z-Densilog,  
14 Compensated Neutron, Gamma-ray log for the Brents Lee 12-7 No. 1 Well,  
15 Permit No. 10226-B, located 1,185 feet from the North line and 1,941 feet from  
16 the East line of Section 12, Township 5 North, Range 6 East Monroe County,  
17 Alabama, including those strata which can be correlated therewith. Said pool  
18 and proposed unitized area constitutes a separate and distinct oil producing pool  
19 in said field, separate and distinct from all other pools in said field.  
20

21 Petitioner further seeks entry of an order unitizing, pooling and integrating the  
22 Unit Area as underlain by the above-described Unitized Formation, into a partial  
23 fieldwide unit so as to require all owners or claimants of royalty, overriding  
24 royalty, mineral, leasehold and all other leasehold interest within said partial  
25 fieldwide unit to unitize, pool, and integrate their interests and develop their  
26 lands or interests within said Unit Area as a partial fieldwide unit. Said petition  
27 further seeks to have JN Exploration & Production Limited Partnership  
28 designated as Unit Operator of the Unit Area in accordance with the laws of the  
29 State of Alabama and seeks an order from the Board approving the "Unit  
30 Agreement" and "Unit Operating Agreement."  
31

32 11. DOCKET NO. 9-28-994

33 Petition by GOLDSTON OIL CORPORATION, a foreign corporation  
34 authorized to do and doing business in the State of Alabama, requesting the State  
35 Oil and Gas Board of Alabama to enter an order force pooling, with a risk  
36 compensation penalty, all tracts and interests in oil and gas produced from  
37 formations of Cretaceous and Jurassic Age in the proposed Ivey-Stewart 14-11  
38 No. 1 Well to be drilled as a wildcat well to a proposed depth of 11,700 feet at a  
39 regular location 445 feet from the West line and 467 feet from the North line of a  
40 drilling unit consisting of the Southeast Quarter (SE/4) of the Northeast Quarter  
41 (NE/4) of the Southwest Quarter (SW/4), the Northeast Quarter (NE/4) of the

1 Southeast Quarter (SE/4) of the Southwest Quarter (SW/4), the Northwest  
2 Quarter (NW/4) of the Southwest Quarter (SW/4) of the Southeast Quarter  
3 (SE/4) and the Southwest Quarter (SW/4) of the Northwest Quarter (NW/4) of  
4 the Southeast Quarter (SE/4) of Section 14, Township 6 North, Range 7 East,  
5 Monroe County, Alabama. This Petition is in accordance with Section 9-17-13,  
6 *Code of Alabama*, (1975), as amended, and Rule 400-1-13-.01 of the *State Oil*  
7 *and Gas Board of Alabama Administrative Code*.  
8

9 This petition is filed as a companion to petition bearing Docket No. 9-28-995  
10 seeking an order approving said drilling unit consisting of approximately 40  
11 contiguous surface acres as an exception to Rule 400-1-2-.01(1) requiring that  
12 such a unit consist of a governmental quarter-quarter section containing  
13 approximately 40 acres.  
14

15 12. DOCKET NO. 9-28-995

16 Petition by GOLDSTON OIL CORPORATION, a foreign corporation  
17 authorized to do and doing business in the State of Alabama, requesting the State  
18 Oil and Gas Board of Alabama to enter an order approving an exceptionally  
19 configured drilling unit consisting of the Southeast Quarter (SE/4) of the  
20 Northeast Quarter (NE/4) of the Southwest Quarter (SW/4), the Northeast  
21 Quarter (NE/4) of the Southeast Quarter (SE/4) of the Southwest Quarter  
22 (SW/4), the Northwest Quarter (NW/4) of the Southwest Quarter (SW/4) of the  
23 Southeast Quarter (SE/4) and the Southwest Quarter (SW/4) of the Northwest  
24 Quarter (NW/4) of the Southeast Quarter (SE/4) of Section 14, Township 6  
25 North, Range 7 East, Monroe County, Alabama, and containing approximately  
26 40 contiguous surface acres, for the proposed Ivey-Stewart 14-11 No. 1 Well to  
27 be drilled at a regular location 445 feet from the West line and 467 feet from the  
28 North line of the proposed drilling unit. Said drilling unit is an exception to  
29 Rule 400-1-2-.01(1) of the *State Oil and Gas Board of Alabama Administrative*  
30 *Code* which requires that such a unit consist of a governmental quarter-quarter  
31 section containing approximately 40 acres.  
32

33 This petition is filed as a companion to petition bearing Docket No. 9-28-994  
34 seeking an order force pooling, with a risk compensation penalty, all tracts and  
35 interests in oil and gas produced from formations of Cretaceous and Jurassic Age  
36 from said well, which is to be drilled as a wildcat well to a depth of 11,700 feet  
37 on said unit.  
38

39 13. DOCKET NO. 9-28-996

40 Petition by SAMSON RESOURCES COMPANY, a foreign corporation  
41 authorized to do and doing business in the State of Alabama, requesting the State

1 Oil and Gas Board to enter an order amending Rule 3 of the Special Field Rules  
2 for the Star Field, Lamar County, Alabama, to delete Rule 3(b) of said Special  
3 Field Rules insofar as the Special Field Rules require wells to be at least 2,000  
4 feet from every other drilling or completed gas well producing from the same  
5 pool.  
6

7 14. DOCKET NO. 9-28-997

8 Petition by MEDALLION EXPLORATION COMPANY, a foreign corporation  
9 authorized to do and doing business in the State of Alabama, requesting the State  
10 Oil and Gas Board to enter an order force pooling, without the imposition of a  
11 risk compensation fee, all tracts and interests in a 320-acre wildcat drilling unit  
12 consisting of the West Half of Section 26, Township 15 South, Range 16 West,  
13 Lamar County, Alabama, pursuant to Section 9-17-13, *Code of Alabama* (1975),  
14 and Rule 400-1-13-.01 of the *State Oil and Gas Board of Alabama*  
15 *Administrative Code*.  
16

17 15. DOCKET NO. 9-28-998

18 Petition by S. LAVON EVANS, JR. OPERATING CO., INC., a foreign  
19 corporation authorized to do and doing business in the State of Alabama,  
20 requesting the State Oil and Gas Board to enter an order force pooling, without  
21 the imposition of a risk compensation fee, all tracts and interests in a 320-acre  
22 wildcat drilling unit consisting of the West Half of Section 11, Township 17  
23 South, Range 14 West, Lamar County, Alabama, pursuant to Section 9-17-13,  
24 *Code of Alabama* (1975), and Rule 400-1-13-.01 of the *State Oil and Gas Board*  
25 *of Alabama Administrative Code*.  
26

27 16. DOCKET NO. 9-28-999

28 Petition by STEP OIL & DISTRIBUTING, INC., a foreign corporation, authorized  
29 to do and doing business in the State of Alabama, requesting the State Oil and Gas  
30 Board to enter an order force pooling, with a risk compensation penalty, all tracts  
31 and interests in hydrocarbons produced from the Pennsylvanian and Mississippian  
32 Age strata from a well to be drilled on a 320-acre unit consisting of the West Half  
33 of Section 17, Township 18 South, Range 14 West, Pickens County, Alabama, in  
34 the Coal Fire Creek Field. This Petition is in accordance with Section 9-17-13,  
35 *Code of Alabama* (1975), as amended, and Rule 400-1-13-.01 of the *State Oil and*  
36 *Gas Board of Alabama Administrative Code*.  
37

38 17. DOCKET NO. 9-28-9910

39 Petition by DE SOTO OIL & GAS, INC., a foreign corporation authorized to do  
40 and doing business in the State of Alabama, requesting the State Oil and Gas  
41 Board to enter an order amending Rule 2 of the Special Field Rules for the Wild

1 Fork Creek Field, Escambia County, Alabama, in order to re-define the  
2 Smackover Oil Pool as being that portion of the Smackover Formation  
3 productive of hydrocarbons in the interval between 13,947 feet and 14,304 feet  
4 in the IPC 5-6 #1 Well, Permit No. 5648, as defined by the Dual Induction Log  
5 for said well, both located in Section 5, Township 2 North, Range 9 East,  
6 Escambia County, Alabama, including those strata productive of hydrocarbons  
7 which can be correlated therewith, and all zones in communication therewith and  
8 all productive extensions thereof.  
9

10 18. DOCKET NO. 9-28-9911

11 Petition by HUGHES EASTERN CORPORATION, a foreign corporation  
12 authorized to do and doing business in the State of Alabama, requesting the State  
13 Oil and Gas Board to enter an order force pooling, without the imposition of a risk  
14 compensation fee, all tracts and interests in a 320-acre wildcat drilling unit for the  
15 Otts 36-3 #1 Well consisting of the North Half of Section 36, Township 13 South,  
16 Range 15 West, Lamar County, Alabama, pursuant to Section 9-17-13, *Code of*  
17 *Alabama* (1975), and Rule 400-1-13-.01 of the State Oil and Gas Board of Alabama  
18 Administrative Code. This drilling unit was previously force pooled by Board  
19 Order No. 98-82, dated July 15, 1998, and that order expired.  
20

21 19. DOCKET NO. 9-28-9912

22 Petition by HUGHES EASTERN CORPORATION, a foreign corporation  
23 authorized to do and doing business in the State of Alabama, requesting the State  
24 Oil and Gas Board to enter an order force pooling, with a risk compensation  
25 penalty, all tracts and interests in hydrocarbons produced from formations of  
26 Mississippian and Pennsylvanian Age. Petitioner proposes to re-enter and test  
27 formations of Mississippian and Pennsylvania Age in the Renley Boyette 14-1 #1  
28 Well (Permit No. 3667) located on a 320-acre wildcat drilling unit consisting of the  
29 North Half of Section 14, Township 16 South, Range 16 West, Lamar County,  
30 Alabama, in accordance with Section 9-17-13, *Code of Alabama* (1975), as  
31 amended, and Rule 400-1-13-.01 of the *State Oil and Gas Board of Alabama*  
32 *Administrative Code*.  
33

34 20. DOCKET NO. 9-28-9913

35 Petition by GILBERTOWN VENTURES, LLC, an Alabama limited liability  
36 company, requesting the State Oil and Gas Board of Alabama to enter an order  
37 approving an exception to Rules 3, 4(b), and 4(c) of the Special Field Rules for the  
38 Gilbertown Field for the re-entry of the M. Adams #4, Permit No. 266-B, to be  
39 located on a 40-acre drilling unit consisting of the Southwest Quarter of the  
40 Northwest Quarter of Section 4, Township 10 North, Range 3 West, Choctaw  
41 County, Alabama.

1 The surface location of said well on the above-described 40-acre drilling unit is  
2 1,992 feet from the North line and 794 feet from the West line of Section 4,  
3 Township 10 North, Range 3 West, Choctaw County, Alabama in the Gilbertown  
4 Field, and a bottom hole location 965 feet from the West line and 164 feet from the  
5 North line of the above-described unit. Petitioner proposes to re-enter said well and  
6 hydro-jet four (4) lateral boreholes out from the wellbore, each lateral up to 500 feet  
7 in length. The potential resulting communication with said wellbore will be no  
8 closer than 150 feet to every exterior boundary of said drilling unit and, as such, is  
9 an exception to Rule 3 of the Special Field Rules for the Gilbertown Field. Said  
10 Rule 3 states that such a well shall be located at least 330 feet from every exterior  
11 boundary of the drilling unit. The maximum extent of the proposed lateral  
12 boreholes from said wellbore will be no closer than 150 feet from the exterior  
13 boundaries of said 40-acre drilling unit. Further, Petitioner is requesting an  
14 exception to Rule 4(b) and 4(c) of the Special Field Rules to waive the requirement  
15 for setting and cementing of production casing into the producing reservoir.  
16

17 21. DOCKET NO. 9-28-9914

18 Petition by PENNSYLVANIA CASTLE ENERGY CORPORATION, a foreign  
19 corporation, authorized to do and doing business in the State of Alabama,  
20 requesting the State Oil and Gas Board to enter an order extending the temporary  
21 abandonment status for six (6) months for the following described well in the  
22 Deerlick Creek Coal Degasification Field, Tuscaloosa County, Alabama, in  
23 accordance with Rule 400-1-3-.06(2) of the *State Oil and Gas Board of Alabama*  
24 *Administrative Code*:  
25

<u>PERMIT NO.</u>	<u>WELL NAME</u>	<u>LOCATION</u>
26 4166-C	27 Gulf States Paper 28 Corp. 25-14-18	29 Section 25, Township 20 30 South, Range 9 West

31 The previous temporary abandonment status for this well expires on October 1,  
32 1999, and Pennsylvania Castle Energy Corporation requests that the Board grant a  
33 six (6) month extension beginning October 1, 1999, because this well has future  
34 utility in Pennsylvania Castle Energy Corporation's coalbed methane operations in  
35 Alabama and should not be plugged.  
36

37 22. DOCKET NO. 9-28-9915

38 Petition by FOUR STAR OIL & GAS COMPANY, a subsidiary of Texaco Inc., a  
39 foreign corporation authorized to do and doing business in the State of Alabama,  
40 requesting the State Oil and Gas Board to enter an order extending the temporarily

1 abandoned status for six (6) months for the following described well in Mobile  
2 County, Alabama, in the Hatter's Pond Unit, in accordance with Rule 400-1-3-.06  
3 and Rule 400-1-5-.04(d) of the *State Oil and Gas Board of Alabama Administrative*  
4 *Code*:

<u>PERMIT NO.</u>	<u>WELL NAME</u>	<u>LOCATION</u>
2735-B-GI-93-1	Hatter's Pond Unit 34-10 #1 Sidetrack	S34, T1S, R1W

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6  
7  
8  
9  
10 The previous temporarily abandoned status for this well expires on October 1,  
11 1999, and Petitioner requests the Board to grant a six (6) month extension  
12 beginning October 1, 1999, because said well has future utility and should not be  
13 plugged.  
14

15 23. DOCKET NO. 9-28-9916

16 Petition by VALENCE OPERATING COMPANY, a foreign corporation  
17 authorized to do and doing business in the State of Alabama, requesting the State  
18 Oil and Gas Board to enter an order approving an exceptional location for  
19 Petitioner's proposed Harvey T. 12-13 No. 1 Well to be directionally drilled as a  
20 replacement well on a 160-acre unit consisting of the Southwest Quarter of the  
21 Northwest Quarter, the West Half of the Southwest Quarter, the South One-  
22 Eighth of the Southeast Quarter of the Northwest Quarter and the North Seven-  
23 Eights of the Northeast Quarter of the Southwest Quarter of Section 12,  
24 Township 10 North, Range 3 West, Choctaw County, Alabama, in the Barrytown  
25 Field, as an exception to Rule 3 (c) of the Special Field Rules for said field. Said  
26 rule states that every well drilled as an oil well shall be at least 500 feet from  
27 every exterior boundary of the drilling unit. Petitioner proposes to directionally  
28 drill the above-described well on said 160-acre unit from a surface location 1,600  
29 feet from the South line and 203 feet from the West line of said Section 12, with  
30 a proposed bottom hole location 1,100 feet from the South line and 203 feet from  
31 the West line of said Section 12, but no closer than 150 feet from the West line  
32 of Section 12, thereby making said location an exception to Rule 3(c) of the  
33 Special Field Rules for the Barrytown Field.  
34

35 24. DOCKET NO. 3-6-9637

36 Continued MOTION BY THE STATE OIL AND GAS BOARD OF  
37 ALABAMA to repeal and rescind all rules and regulations of statewide  
38 application and to promulgate new rules and regulations of statewide application,  
39 provided, however, that Special Field Rules shall not be repealed and rescinded.  
40 The rules and regulations of the State Oil and Gas Board are set forth in Rule  
41 400-1-1-.01 et seq. of the *State Oil and Gas Board of Alabama Administrative*



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

4 (Whereupon, the Order was received in evidence)

5 MR. ROGERS: The procedure for the meeting is as follows: The Hearing Officer and  
6 the staff will hear the uncontested items on the docket today and certain other items. The State  
7 Oil and Gas Board will hear the recommendations of the Hearing Officer, contested items, and  
8 certain other items beginning at 10:00 a.m. on Friday, October 1, 1999, at the Brookley Learning  
9 Center, 4172 Commanders Drive, Mobile, Alabama. I will recommend that the following items  
10 be continued: Item 1, Docket No. 4-8-9814, petition by Unit Manager, Citronelle Unit; Item 2,  
11 Docket No. 5-13-9817, petition by JN Exploration & Production Limited Partnership; Item 4,  
12 Docket No. 6-29-998, petition by Unit Manager, Citronelle Unit; Item 13, Docket No. 9-28-996,  
13 petition by Samson Resources Company; Item 24, Docket No. 3-6-9637, a motion by the State  
14 Oil and Gas Board. I will recommend that the following items be dismissed without prejudice:  
15 Item 6, Docket No. 8-18-995B, petition by Moon-Hines-Tigrett Operating Company, Inc.; Item  
16 9, Docket No. 9-28-992, petition by Local, Inc.; Item 11, Docket No. 9-28-994, petition by  
17 Goldston Oil Corporation and Item 12, Docket No. 9-28-995, petition by Goldston Oil  
18 Corporation. The following items are set for hearing before the Board on Friday: Item 3,  
19 Docket No. 12-16-987A, petition by De Soto Oil & Gas, Inc.; Item 5, Docket No. 8-18-994,  
20 petition by Samson Resources Company; Item 7, Docket No. 8-18-9910A, petition by Medallion  
21 Exploration, Inc.; Item 10, Docket No. 9-28-993, petition by JN Exploration & Production

1 Limited Partnership; Item 15, Docket No. 9-28-998, petition by S. Lavon Evans, Jr. Operating  
2 Company, Inc.; Item 16, Docket No. 9-28-999, petition by Step Oil & Distributing, Inc.; Item 17,  
3 Docket No. 9-28-9910, petition by De Soto Oil & Gas, Inc.; Item 19, Docket No. 9-28-9912,  
4 petition by Hughes Eastern Corporation and Item 23, Docket No. 9-28-9916A, petition by  
5 Valence Operating Company. The first item set for hearing today is Item 8, Docket No. 9-28-  
6 991, petition by Pewterfork Oil and Gas, Inc. Mr. Harris, if you could have a seat at one of the  
7 tables and speak into the microphone. We received your petition requesting the shut-in status. If  
8 you would, address that petition and what you seek of the Oil and Gas Board.

9 MR. HARRIS: Uh, should I read this first paragraph? I can state what's in the petition.

10 MR. ROGERS: That will be fine and then just paraphrase after that what it is that you're  
11 seeking.

12 MR. HARRIS: Okay. Pewterfork Oil and Gas is petitioning the Board for the continuing  
13 classification of shut-in for a well in Cullman County. The permit number of this well is 11,025.  
14 The well name is Allbritton Crawford 8-4 No. 1. The location is Section 8, Township 12 South,  
15 Range 3 West. This well has previously been shut in pending connection to a gathering system  
16 or pipeline status in accordance with Board Rule No. 400-1-3-.06(3) for a period of six months  
17 and that six month period is expiring. Pewterfork has no--does not currently plan to plug or  
18 abandon the above-described well because it has future utility in that Pewterfork may connect  
19 said well to a gathering system when the pipeline becomes available and said pipeline will  
20 produce--said well may produce gas from the Tuscumbia lime.

1 MR. ROGERS: Mr. Harris, since you are going to be testifying to this, let me put you  
2 under oath. If you would, stand and state your name and address for the record.

3 MR. HARRIS: My name is C. Ray Harris. I live in Blountsville, Alabama, Post Office  
4 Box 237, zip code 35031.

5 (Witness was sworn by Mr. Rogers)

6 MR. ROGERS: You can proceed and then we will ask some questions to get all the facts  
7 that we need in the record to support the petition.

8 MR. HARRIS: Very well. Now, the pipeline--a pipeline is currently under construction.  
9 I'm sure that the Board members know this. It is the Sonat line from Vance to Huntsville. It will  
10 pass within about 2,500 feet of this well. They currently have the right-of-way cleared, etc. The  
11 granting of the petition will prevent "waste" and protect the rights of the owners in the drilling  
12 unit assigned to the well. The petitioner--Pewterfork requests that this matter be set down for  
13 hearing before the State Board and that's where we are. That is the substance of our petition.

14 MR. ROGERS: All right. We'll just ask a few questions then to get some things in the  
15 record.

16 C. RAY HARRIS

17 Appearing as a witness on behalf of Petitioner, Pewterfork Oil & Gas, Inc., testified as  
18 follows:

EXAMINATION BY BOARD/STAFF

Questions by Mr. Rogers:

Q. When was the well drilled, Mr. Harris?

A. Excuse me, maybe my friend, Mr. Allbritton, can help me with that date. It's been a couple or three years ago.

Q. Well, if you know generally.

MR. ALLBRITTON: I believe it was November 18<sup>th</sup>. I stand corrected on that.

Q. If you could state the year, if you know the year it was drilled.

A. Uh, 1997, I believe.

Q. Did you--have you tested the well? Did you test the well after it was drilled?

A. Yes. It has been tested.

Q. Do you know what the well tested of gas?

A. The number I have in my mind is about 20,000 cubic feet a day.

MR. ROGERS: Rich, do you have a test that was submitted to the Oil and Gas Board?

MR. HAMILTON: I believe, Mr. Rogers, that the actual amount is about 16 Mcf per day, which would be 16,000 cubic feet.

A. 16? The matter is on file with the Board.

Q. So then you would hope that you would be able to connect the well to the pipeline that you just told us about?

A. Yes. Now, we do anticipate doing more work on the well because of certain difficulties we had with completing the well.

1 Q. Do you plan to drill any more wells in that area, Mr. Harris?

2 A. If we are able to prove this one, we certainly will.

3 Questions by Dr. Oltz:

4 Q. Mr. Harris, have you talked to the pipeline company about them taking your gas?

5 A. I have not personally. From time-to-time we have had discussions with Sonat before they  
6 were bought, I believe, by the El Paso people. Mr. Allbritton has had these discussions  
7 with them more completely than I have but we have been exploring that possibility and  
8 considering what's involved with that.

9 Questions by Mr. Rogers:

10 Q. Does he--does Mr. Allbritton want to say anything?

11 A. He is in the room. He's back here.

12 MR. ROGERS: If you have anything to add. If you do you need to come up and speak  
13 into the microphone, sir.

14 MR. ALLBRITTON: I have nothing that's of importance other than we do plan to  
15 continue to develop the acreage in that area.

16 MR. HARRIS: In that regard, Mr. Allbritton and another gentleman have significant oil  
17 and gas holdings in the area.

18 Q. Thank you. Anything else you want to put in the record, Mr. Harris?

19 A. Not that I'm aware of. Just wish us luck if you will. We need luck.

20 Q. Good luck. Thank you.

1 MR. ROGERS: We will review the evidence that was presented and make a  
2 recommendation to the Board. When an order is issued by the Oil and Gas Board we will send  
3 you a copy of it.

4 MR. HARRIS: Thank you much.

5 MR. ROGERS: Thank you, sir. The next item is Item 14, Docket No. 9-28-997, petition  
6 by Medallion Exploration Company.

7 MR. TYRA: Mr. Rogers, I have one witness.

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

9 MR. KENNEDY: My name is Foster Kennedy, petroleum landman from Aberdeen,  
10 Mississippi, 306 Club Park Drive.

11 (Witness was sworn by Mr. Rogers)

12 MR. TYRA: I'm John Tyra here on behalf of Medallion Exploration Company. We  
13 have filed a petition to force pool a unit in Lamar County, Alabama. The drilling unit is a  
14 wildcat unit to consist of the West Half of Section 26, Township 15 South, Range 16 West. We  
15 are asking for force pooling without risk compensation. The one witness that I have is Mr.  
16 Foster Kennedy who you have just sworn in. Mr. Kennedy, you have previously testified before  
17 this Board, have you not?

18 MR. KENNEDY: I have.

19 MR. TYRA: Your testimony was accepted at that time as an expert in the field of  
20 petroleum landmen?

21 MR. KENNEDY: Yes, it was.

1 MR. TYRA: Mr. Rogers, I would ask that Mr. Kennedy be accepted again as an expert  
2 in that area.

3 MR. ROGERS: He is so recognized.

4 FOSTER KENNEDY

5 Appearing as a witness on behalf of Petitioner, Medallion Exploration Company, testified  
6 as follows:

7 DIRECT EXAMINATION

8 Questions by Mr. Tyra:

9 Q. Mr. Kennedy, are you familiar with the allegations and assertions that are in the petition?

10 A. I am.

11 Q. What was your role insofar as putting this proposed unit together?

12 A. I was in charge of all land and lease acquisition.

13 Q. Have you been able to lease all of the acreage for the unit?

14 A. We have not.

15 Q. How much is outstanding at this time?

16 A. One net mineral acre.

17 Q. The one net mineral acre, that would be .3125 percent of the unit. Is that correct?

18 A. That's correct.

19 Q. Who owns the other or who controls the other 99.6875 percent of the unit?

20 A. Medallion Exploration.

21 Q. That is the petitioner that we have filed this on behalf of. Is that correct?

1 A. That is correct.

2 Q. Could you tell us who owns this one outstanding acre, please?

3 A. The heirs of Ruby Walker.

4 Q. What efforts have you made to lease this interest?

5 A. Since the latter part of July we have tried to establish the heirship for the heirs of Ruby  
6 Walker. We have talked to several people who were familiar with the family. We have  
7 established that she died in testate with approximately six brothers and sisters. We have  
8 been led back to a niece who is Robbie Chatman. We have talked with Ms. Chatman on  
9 several occasions. She has not been forthcoming as to any information on the heirs other  
10 than herself of Ruby Walker.

11 Q. We have filed an affidavit of notice and on that affidavit of notice we have noticed an  
12 Isabella Pennington. Who is Ms. Pennington?

13 A. Ms. Pennington is currently listed on the tax assessment as paying taxes on the property.  
14 When we talked with Ms. Pennington she said that she is not an heir of Ruby Walker and  
15 that she forwards all of the notices to Robbie Chatman.

16 Q. Robbie Chatman is located in Oak Park, Illinois. Is that correct?

17 A. That is correct.

18 Q. Now, is it correct that Ms. Chatman at this point is reluctant--indicates that she doesn't  
19 know who her aunts or uncles are and she doesn't know who her cousins are?

20 A. She has not given us any of the information. We've asked and she just has not been  
21 willing to divulge that to us.

1 Q. All right, sir.

2 MR. TYRA: While I'm on the affidavit of notice, I ask that that be made a part of the  
3 record at this time.

4 MR. ROGERS: The affidavit is admitted.

5 (Whereupon, the affidavit was received in evidence)

6 Q. So the lady, Ms. Pennington, who is actually receiving the tax notices has indicated to  
7 you that she is not an heir but that she is forwarding this to Illinois to Ms. Chatman?

8 A. That is correct.

9 Q. And Ms. Chatman is indicating that she doesn't know who the heirs are and she is, at this  
10 time, unwilling to execute anything. Is that correct?

11 A. Uh, she--she will not come forth as to who the other heirs are. She does acknowledge  
12 that she is a niece of Ruby Walker and that's as far as we've gotten with her.

13 Q. All right, sir. Are you familiar with the term "waste" as it's defined by the laws and  
14 statutes of the State of Alabama and the *Administrative Code* of this Board?

15 A. I am.

16 Q. In your opinion, would the granting of the petition prevent waste?

17 A. Yes, it would.

18 Q. Would it also protect coequal and correlative rights?

19 A. It would.

20 MR. TYRA: Mr. Rogers, I've also just been handed a note from Step Oil that is  
21 addressed to Dr. Donald Oltz indicating that Step owns acreage in this area and that they support

1 the proposal to drill a well. I don't know if you have a copy of it so let me go ahead and give  
2 you my copy for your records. It was just handed to me so you may not have a copy.

3 MR. ROGERS: Let's take a brief recess.

4 (Whereupon, the hearing was recessed for one minute)

5 MR. ROGERS: We're back in session. We have this letter from Mr. Higginbotham to  
6 Dr. Oltz. It is admitted.

7 (Whereupon, the letter was received in evidence)

8 MR. ROGERS: Just for the record then, Mr. Tyra, your witness--you testified that you  
9 had all the ownership under lease or under your control. I assume you want to verify that.

10 MR. TYRA: Yes, sir. Medallion has either under lease or has an agreement with all the  
11 working interest owners who have leases to participate in the drilling of the well with the  
12 exception of this one acre. We were handed this morning the consent of Step Oil indicating that  
13 they are, in fact, consenting to the drilling as well which ties up the 99.6875 percent.

14 FOSTER KENNEDY

15 EXAMINATION BY BOARD/STAFF

16 Questions by Mr. Rogers:

17 Q. One other question. Just for the record, you said this woman that had the interest was  
18 named Ruby Walker and that the heirs of Ruby Walker now own this interest. When did  
19 Ms. Walker die, if you know?

20 A. I do not have that information before me but I'm going to say in the last three or four  
21 years.

1 MR. ROGERS: Anything else, Mr. Tyra?

2 MR. TYRA: No, sir, that's all.

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

4 MR. TYRA: Thank you.

5 MR. ROGERS: The next item is Item 18, Docket No. 9-28-9911, petition by Hughes  
6 Eastern Corporation.

7 MR. WATSON: If you will, admit the affidavit of notice filed in this matter, Mr. Rogers.

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

9 (Whereupon, the affidavit was received in evidence)

10 MR. WATSON: This is a petition by Hughes Eastern to force pool, without a risk  
11 compensation penalty, 0.1667 net mineral acres in the proposed Otts 36-3 unit which is a 320-  
12 acre unit consisting of the North Half of Section 36, Township 13 South, Range 15 West, Lamar  
13 County, Alabama. I have prefiled an affidavit of testimony in support of this petition by Foster  
14 Kennedy who has just testified here. I would ask that you make that affidavit a part of the record  
15 and your recommendation to the Board based on the testimony contained therein.

16 MR. ROGERS: The affidavit is admitted.

17 (Whereupon, the affidavit was received in evidence)

18 MR. ROGERS: In this case I assume, Mr. Watson, the owners have been identified?

19 MR. WATSON: One person, yes, sir.

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

21 The next item is Item 20, Docket No. 9-28-9913A, petition by Gilbertown Ventures, LLC.

1 MR. WATSON: This comes on publication notice, Mr. Rogers. What I have handed you  
2 is an affidavit of testimony in support of the petition I am about to describe, the first two pages of  
3 which are originals, the next two pages are a fax copy of the affidavit of testimony in support. I  
4 am going to ask at the conclusion that we leave the record open for the original affidavit. This is  
5 a petition by Gilberttown Ventures, LLC, requesting the Board to enter an order approving  
6 exceptions to Rule 3, 4(b) and 4(c) of the Special Field Rules in order to allow Gilberttown  
7 Ventures to recomplete the M. Adams No. 4 Well by entering that well and drilling four lateral  
8 boreholes approximately 500 feet in length to an exceptional location no closer than 150 feet to  
9 exterior boundaries of the 40-acre drilling unit for this well which consist of the Southwest  
10 Quarter of the Northwest Quarter of Section 4, Township 10 North, Range 3 West, Choctaw  
11 County, Alabama. The affidavit of testimony---Mr. Bobby Ray Greer who has been qualified  
12 before this Board has, in fact, testified in person relative to this procedure of drilling lateral  
13 boreholes out from a well in the Gilberttown Field into the Selma Chalk. I ask that you hold the  
14 record open until I receive the original signed affidavit to supplement the record with that will go  
15 with those exhibits attached to his affidavit of testimony explaining the procedure that  
16 Gilberttown Ventures proposes to follow in this lateral drilling project.

17 MR. ROGERS: We'll take a brief recess to review the affidavit, Mr. Watson.

18 (Whereupon, the hearing was recessed for six minutes)

19 MR. ROGERS: The hearing is back in session. Mr. Watson stated that he would make--  
20 prepare an amended affidavit for the witness and submit that as soon as possible.

1 MR. WATSON: If you will leave the record open I will have that to you, hopefully, by  
2 tomorrow.

3 MR. ROGERS: We will leave the record open for an amended affidavit. When we  
4 receive that we will review the evidence and make a recommendation to the Board.

5 (Whereupon, the affidavit with attached  
6 exhibits were received in evidence)

7 MR. ROGERS: The next item is Item 21, Docket No. 9-28-9914, petition by  
8 Pennsylvania Castle Energy Corporation.

9 MR. WATSON: This matter comes on publication notice. We have asked to extend the  
10 temporary abandonment status of the Gulf States Paper 25-14-18 Well in the Deerlick Creek  
11 Coal Degasification Field. I have filed an affidavit in support of this request by Eric Hutchens  
12 and would ask that you make that affidavit a part of the record, please, sir.

13 MR. ROGERS: The affidavit is admitted.

14 (Whereupon, the affidavit was received in evidence)

15 MR. ROGERS: We will review the evidence and make a recommendation to the Board.  
16 The last item is Item 22, Docket No. 9-28-9915, petition by Four Star Oil & Gas Company.

17 MR. WATSON: This matter comes on a publication notice request of Four Star to  
18 extend the temporary abandonment status of a Class II UIC permit for the Hatter's Pond Unit 34-  
19 10 #1 Sidetrack. I have prefiled an affidavit of testimony of Joseph F. Smith and would ask that  
20 that affidavit of testimony in support of this request be made a part of the record.



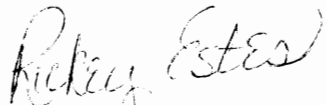
REPORTER'S CERTIFICATE

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STATE OF ALABAMA  
COUNTY OF TUSCALOOSA

I, Rickey Estes, Hearing Reporter in and for the State of Alabama, do hereby certify that on Tuesday, September 28, 1999, in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, I reported the proceedings before a Hearing Officer; that the foregoing 27 typewritten pages contain a true and accurate verbatim transcription of said proceedings to the best of my ability, skill, knowledge, and belief.

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

  
Rickey Estes  
Hearing Reporter  
State of Alabama