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John Hinton	33-35 38	---	35-36 39

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MR

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Board Exhibit	Order appointing M. Rogers Hearing Officer	17	17
Exhibit 1 (Items 5 & 6)	Map of current mine workings & projected mine plan, White Oak & Oak Grove Coal Degasification Fields (William B. Wells)	26	26
Exhibit 2 (Items 5 & 6)	Cross section C-C', C Panels, Oak Grove Coal Degasification Field (William B. Wells)	26	26
Exhibit 3 (Items 5 & 6)	Cross section G-G', G Panels, White Oak Creek Coal Degasification Field (William B. Wells)	26	26
Exhibit 4 (Items 5 & 6)	Horizontal borehole schematic Mary Lee/Blue Creek seam (William B. Wells)	26	26
Exhibit 5 (Items 5 & 6)	Gob well schematic Mary Lee/Blue Creek seam (William B. Wells)	26	26
Exhibit 1 (Item 9)	Affidavit of testimony (Dennis Romero)	27	28
Exhibit 1A (Item 9)	Well schematic, MCBSC 16-11 #1 Churchula Field (Dennis Romero)	27	28

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 1B (Item 9)	5/16/90 letter to George T. Armistead (David E. Bolin)	27	28
Exhibit 1C (Item 9)	10/29/93 letter to Dennis W. Romero (David E. Bolin)	27	28
Exhibit 1D (Item 9)	1/31/94 letter to Dennis W. Romero (David E. Bolin)	27	28
Exhibit 1E (Item 9)	10/12/94 letter to Dennis W. Romero (David E. Bolin)	27	28
Exhibit 1 (Item 10)	Affidavit of testimony (Michael M. Gable)	27	28
Exhibit 1 (Item 11)	Affidavit of notice (John Foster Tyra)	27	28
Exhibit (1-2) (Item 13)	Affidavit of testimony (Gary L. Roeder)	29	29
Exhibit 1 (Item 13)	Dual induction SFL sonic log, #1 William Baas, Frisco City Field (Gary L. Roeder)	29	29
Exhibit 2 (Item 13)	Form OGB-9, Baas 2-16 #1, Frisco City Field (Gary L. Roeder)	29	29

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 3 (Item 13)	Affidavit of notice (William T. Watson)	29	29
Exhibit 1 (Item 15)	Affidavit of testimony (John A. Wallace)	30	30
Exhibit A (Item 15)	Exhibit "A" to affidavit of testimony (John A. Wallace)	30	30
Exhibit B (Item 15)	Well status map of portions of Oak Grove and Brookwood Coal Degasification Fields (John A. Wallace)	30	30
Exhibit 1 (Item 19)	Affidavit of notice (Willard B. Simmons, Jr.)	31	31
Exhibit 2 (Item 19)	Affidavit of testimony (Willard B. Simmons, Jr.)	31	31
Exhibit 1 (Item 20)	Confidential structure/ seismic map (John Hinton)	37	37
Exhibit 2 (Item 20)	12/1/99 letter to John Donald (S. Marvin Rogers)	36	36
Exhibit 3 (Item 20)	12/10/99 letter to John Donald (S. Marvin Rogers)	37	37

EXHIBITS
(Incorporated by Reference)

<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Testimony and exhibits related To Order No. E-99-83	29	29

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

December 17, 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 17th day of December, 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

Ms. Jan Tolson-Pashin..... Assistant Supervisor

Mr. Richard Hamilton..... Engineer

Mr. Frank Hinkle Geologist

APPEARANCES

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NAME	REPRESENTING
1. Clark Summerford P.O. Box 1310 Tuscaloosa, AL 35403	Drummond Co., Inc.
2. William B. Wells P.O. Box 1549 Jasper, AL 35502-1549	Drummond Co., Inc.
3. David Bowers P.O. Box 1549 Jasper, AL 35502-1549	Drummond Co., Inc.
4. Steve Harrison Tuscaloosa, AL	NW Alabama Gas District
5. Jon P. Stephenson P.O. Box 1019 Harrisville, TX 75650	Sandollar Oil & Gas
6. W. B. Simmons P.O. Box 2845 Mobile, AL	Elm Corp.
7. John W. Donald, Jr. P.O. Box 2846 Mobile, AL	Jackson, Myrike, Chambers & Byrne
8. John H. Hinton 8006 Green Devon Houston, Texas 77095	Basic Exploration
9. Ken Hanby Tuscaloosa, AL	Union Oil
10. John Tyra Tuscaloosa, AL	Goldston Oil Corp.

APPEARANCES

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NAME	REPRESENTING
11. Tom Watson Tuscaloosa, AL	---

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PROCEEDINGS

(The hearing was convened at 10:00 a.m. on Friday,
December 17, 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
DECEMBER 17 & 21, 1999

The State Oil and Gas Board of Alabama will hold its regular monthly meeting at 10:00 a.m. on Friday, December 17, 1999, and Tuesday, December 21, 1999, in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, to consider among other items of business the following petitions:

1. DOCKET NO. 5-13-9817

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

1 2. DOCKET NO. 9-28-998

2 Continued petition by S. LAVON EVANS, JR. OPERATING CO., INC., a
3 foreign corporation authorized to do and doing business in the State of Alabama,
4 requesting the State Oil and Gas Board to enter an order force pooling, without
5 the imposition of a risk compensation fee, all tracts and interests in a 320-acre
6 wildcat drilling unit consisting of the West Half of Section 11, Township 17
7 South, Range 14 West, Lamar County, Alabama, pursuant to Section 9-17-13,
8 *Code of Alabama* (1975), and Rule 400-1-13-.01 of the *State Oil and Gas Board*
9 *of Alabama Administrative Code*.

10
11 3. DOCKET NO. 9-28-999

12 Continued petition by STEP OIL & DISTRIBUTING, INC., a foreign corporation,
13 authorized to do and doing business in the State of Alabama, requesting the State Oil
14 and Gas Board to enter an order force pooling, with a risk compensation penalty,
15 all tracts and interests in hydrocarbons produced from the Pennsylvanian and
16 Mississippian Age strata from a well to be drilled on a 320-acre unit consisting of
17 the West Half of Section 17, Township 18 South, Range 14 West, Pickens County,
18 Alabama, in the Coal Fire Creek Field. This Petition is in accordance with Section
19 9-17-13, *Code of Alabama* (1975), as amended, and Rule 400-1-13-.01 of the *State*
20 *Oil and Gas Board of Alabama Administrative Code*.

21
22 4. DOCKET NO. 11-3-991

23 Continued petition by NORTHWEST ALABAMA GAS DISTRICT, an Alabama
24 municipal corporation, requesting the State Oil and Gas Board of Alabama to
25 enter an order for approval of a plan for underground storage of gas and: (a)
26 designating and approving the storage of gas by Petitioner in an underground gas
27 reservoir in the East Detroit Field, located in Lamar County, Alabama; (b)
28 designating the horizontal and vertical boundaries of, and naming, the "East
29 Detroit Gas Storage Facility" (the "Storage Facility"), or such other name as may
30 be deemed appropriate by the Board, the horizontal boundaries of the Storage
31 Facility to be and include: The Southwest Quarter of Section 2; the South Half of
32 Section 3; the Southeast Quarter of Section 4; all of Sections 9 and 10; the West
33 Half of Section 11; the Northwest Quarter of Section 14; and all of Sections 15
34 and 16; all in Township 12 South, Range 15 West, Lamar County, Alabama; and
35 the vertical boundaries of the Storage Facility to be defined as the entire Carter
36 Sand Gas Pool underlying said property, and to include a buffer zone from fifty
37 feet above to fifty feet below the Carter Sand Gas Pool. The Carter Sand Gas
38 Pool is defined as that portion of the subsurface from a depth of 1,399 feet to a
39 depth of 1,433 feet as shown on the Induction Electric Log of the Champlin
40 Petroleum Company – Clark Delaney #10-6 well, Permit No. 1651, located at a
41 surface location 2,030 feet FWL and 1,520 feet FNL of Section 10, Township 12

1 South, Range 15 West, Lamar County, Alabama; (c) designating and appointing
2 Petitioner as the Storage Operator of said facility; (d) finding that a majority in
3 interest of owners have consented to the use of the Carter Sand Gas Pool as
4 hereinabove defined as an underground storage facility (e) finding that the units
5 for the W. A. Delaney #9-16 well, Permit No. 1594, located on a unit consisting
6 of all of Section 9, Township 12 South, Range 15 West, Lamar County, Alabama,
7 and for the Delaney #10-6 well, Permit No. 1651, located on a unit consisting of
8 all of Section 10, Township 12 South, Range 15 West, Lamar County, Alabama,
9 are due to be dissolved as of the effective date of the Storage Facility, (f) finding
10 that the Special Field Rules for the East Detroit Field are due to be amended as of
11 the effective date of the Storage Facility; and (g) including such other findings as
12 are required under Section 9-17-150 et seq. of the *Code of Alabama* (1975).
13

14 5. DOCKET NO. 11-3-992

15 Continued petition by DRUMMOND COMPANY, INC., an Alabama
16 Corporation, authorized to do and doing business in the State of Alabama,
17 requesting the State Oil & Gas Board of Alabama to enter an order approving an
18 amendment to Rule 4(a) of the Special Field Rules for the Oak Grove Coal
19 Degasification Field to provide that the following described lands in Jefferson
20 County, Alabama, are subject to certain spacing rules concerning underground
21 mining:
22

23 Jefferson County

24 Section 36, Township 17 South, Range 7 West;

25 Sections 7, 18 and 19, Township 18 South, Range 6 West;

26 Sections 1, 2, 11, 12, 13, 14, 15, 16, 18, 19,
27 20, 21, 22, 23, 24, 26, 27, 28, 29, 33, 34, E/2 of
28 Section 3, S/2 of Section 17, and E/2 W/2 of Section
29 30, Township 18 South, Range 7 West; and
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31 Section 24 and E/2 of Section 13, Township 18
32 South, Range 8 West.
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34 Jefferson and Tuscaloosa Counties

35 Sections 9 & 10, Township 18 South, Range 7 West
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1 6. DOCKET NO. 11-3-993

2 Continued petition by DRUMMOND COMPANY, INC., an Alabama
3 Corporation, authorized to do and doing business in the State of Alabama,
4 requesting the State Oil & Gas Board of Alabama to enter an order approving an
5 amendment to the Special Field Rules for the White Oak Creek Coal
6 Degasification Field by providing for certain well spacing related to underground
7 mining in the following described lands in Tuscaloosa, Jefferson, and Walker
8 Counties, Alabama:

9
10 Tuscaloosa County

11
12 Sections 21, 22, 23, 24, 25, 26, 27, 28, 34, 35
13 and 36, Township 17 South, Range 8 West;

14
15 Sections 1, 2, 3, 10, 11, Township 18 South, Range 8 West

16
17 Section 6, Township 18 South, Range 7 West;

18
19 Tuscaloosa and Jefferson Counties

20
21 Section 12 and the Northeast Quarter of
22 Section 14, Township 18 South, Range 8 West;

23
24 Sections 4, 5, 7, 8, W/2 of Section 3 and N/2 of
25 Section 17, Township 18 South, Range 7 West;

26
27 Walker County

28
29 Sections 19, 20, 21, 29, 30, 31, and 32,
30 Township 17 South, Range 7 West; and

31
32 Walker and Jefferson Counties

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34 Sections 28 and 35, Township 17 South, Range 7 West;

35
36 Petitioner further proposes to amend the Special Field Rules to provide for the
37 drilling and production of horizontal boreholes and gob wells related to coal
38 mining.

1 7. DOCKET NO. 11-3-994

2 Continued petition by FINLEY RESOURCES, 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 force pooling, with a risk compensation
5 penalty, all tracts and interests in hydrocarbons produced from formations of
6 Mississippian and Pennsylvanian Age, from a well to be drilled on a 320-acre unit
7 consisting of the East Half of Section 17, Township 16 South, Range 15 West, in the
8 Star Field, Lamar County, Alabama. The Petition is in accordance with Section 9-
9 17-13, *Code of Alabama* (1975), as amended, and Rule 400-1-13-.01 of the *State Oil*
10 *and Gas Board of Alabama Administrative Code*.

11
12 8. DOCKET NO. 12-17-991

13 Petition by JABSCO OIL OPERATING, LLC, an Alabama limited liability
14 company, requesting the State Oil and Gas Board to enter an order force pooling,
15 without the imposition of a risk compensation fee, all tracts and interests in a 320-
16 acre drilling unit for the Hawthorne 21-2 Well, Permit No. 11323, located in the
17 North Half of Section 21, Township 14 South, Range 14 West, Lamar County,
18 Alabama, in the Brush Creek Field, pursuant to Section 9-17-13, *Code of Alabama*
19 (1975), and Rule 400-1-13-.01 of the *State Oil and Gas Board of Alabama*
20 *Administrative Code*. Jabsco Oil Operating, LLC drilled and completed the well as a
21 productive natural gas well.

22
23 9. DOCKET NO. 12-17-992

24 Petition by UNION OIL COMPANY OF CALIFORNIA, a foreign corporation
25 authorized to do and doing business in the State of Alabama, and operator of the
26 Chunchula Field Unit in Mobile County, Alabama, requesting the State Oil and Gas
27 Board of Alabama to grant a permanent exception to Rules 400-1-1-.01 et seq. of the
28 *State Oil and Gas Board of Alabama Administrative Code* and the Special Field
29 Rules for the Chunchula Field (including Rule 4(b) thereof) to provide that the
30 proposed Mobile County Board of School Commissioners 16-11 Well #1 with a
31 proposed bottom hole location in Section 16, Township 1 South, Range 2 West,
32 Mobile County, Alabama, can be completed open hole and without the use of a
33 packer. This Petition is filed pursuant to Ala. Code Section 9-17-1 et seq. (and, in
34 particular, Sections 9-17-6) and Rules 400-1-1-.01 et seq. (and, in particular, Rule
35 400-1-12-.01 et seq.) of the *State Oil and Gas Board of Alabama Administrative*
36 *Code*.

1 10. DOCKET NO. 12-17-993

2 Petition by UNION OIL COMPANY OF CALIFORNIA, a foreign corporation
3 authorized to do and doing business in the State of Alabama, and operator of the
4 Chunchula Field Unit in Mobile County, Alabama, requesting the State Oil and Gas
5 Board of Alabama to enter an order extending for six months the temporary
6 abandoned status of the following eleven wells listed below in the Chunchula Field
7 Unit, Mobile, County, Alabama:
8

9

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
10 2357	I.P.C. 2-6 #1	Sec. 2, T2S, R2W
11 2355-B	R.J. Smith 6-10 #1A	Sec. 6, T1S, R1W
12 3650	M.V. Kelly 10-3 #1	Sec. 10, T1S, R2W
13 4255-B	M.V. Kelly 11-1 #1	Sec. 11, T1S, R2W
14 2914	R.L. Smith 12-11 #1	Sec. 12, T1S, R2W
15 2044	J.A. Smith 15-6 #1	Sec. 15, T1S, R2W
16 2584-B	R.E. Davis 1-11 #1	Sec. 1, T1S, R2W
17 2350	Creola Investment 34-7 #1	Sec. 34, T1S, R2W
18 2005-B	Mobile County Board 19 of School Commissioners 20 16-10 #1	Sec. 16, T1S, R2W
21 2252	Richard W. Rascoe 3-10 #1	Sec. 3, T2S, R2W
22 2062-B-1	I.P.C. 17-7 #1A-B (Formerly 23 I.P.C. 17-11)	Sec. 17, T1S, R2W
24		
25		

26 11. DOCKET NO. 12-17-994

27 Petition by GOLDSTON OIL CORPORATION, a foreign corporation authorized to
28 do and doing business in the State of Alabama, requesting the State Oil and Gas
29 Board to enter an order approving an exceptional unit for Petitioner's Floyd 25-1
30 No. 1 Well, Permit No. 11694-B, which is being drilled on a 160-acre wildcat unit
31 consisting of the South Half of the Southeast Quarter of Section 24 and the North
32 Half of the Northeast Quarter of Section 25, Township 7 North, Range 8 East,
33 Monroe County, Alabama, as an exception to Rule 400-1-2-.02(2) of the *State Oil
34 and Gas Board of Alabama Administrative Code*. Said rule requires 160-acre units
35 to consist of a governmental quarter section.
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37 This request was previously approved by Emergency Order No. E-99-83 issued on
38 November 5, 1999.

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12. DOCKET NO. 12-17-995

Petition by PARAMOUNT PETROLEUM CO., INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order amending Rule 3 of the Special Field Rules for the McCracken Mountain Field, the West McCracken Mountain Field, and the Scareum Mountain Field, Fayette County, Alabama, to allow 320-acre contiguous spacing and to eliminate the requirement for 2,000 feet between wells producing from the same reservoir.

13. DOCKET NO. 12-17-996

Petition by ZINN PETROLEUM COMPANY, a sole proprietorship authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to amend Rule 2 of the Special Field Rules for the Frisco City Field, Monroe County, Alabama, to add and name a new oil pool productive of hydrocarbons from the Haynesville Formation in the interval between 12,168 feet measured depth and 12,182 feet measured depth, as defined in the William Baas Unit 2-16 No. 1 Well, Permit No. 5854, located in Section 2, Township 5 North, Range 6 East, Monroe County, Alabama, as indicated on the Dual Induction Log of said well, and including those strata productive of hydrocarbons which can be correlated therewith.

14. DOCKET NO. 12-17-997

Petition by ESENJAY EXPLORATION, INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 3(b) of the Special Field Rules for the Melvin Field for the proposed M Bar 35-14 No. 1 Well, to be located 123 feet from the South line and 1,527 feet from the West line of Section 35, Township 12 North, Range 5 West, Choctaw County, Alabama, on a drilling unit of approximately 80 acres consisting of the South Half of the Southwest Quarter of Section 35, Township 12 North, Range 5 West, Choctaw County, Alabama, as a productive extension of the Melvin Field. Rule 3(b) specifies that all wells are to be located at least 330 feet from every exterior boundary of the drilling unit and said location is only 123 feet FSL of the above-described drilling unit.

This request was previously approved by Board Order No. 98-65 issued on May 15, 1998.

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15. DOCKET NO. 12-17-998

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board, pursuant to Section 9-17-1, et seq. *Code of Alabama* (1975), and Rule 400-1-3-.06 of the *State Oil and Gas Board of Alabama Administrative Code*, to enter an order extending the temporarily abandoned status for certain coal degasification wells in the Big Sandy Creek, Oak Grove and Brookwood Coal Degasification Fields located in Tuscaloosa and Jefferson Counties, Alabama, in the following areas:

Township 18 South, Range 7 West
Sections 27, 30, 33 and 34

Township 18 South, Range 8 West
Sections 24, 26, 35 and 36

Township 19 South, Range 7 West
Sections 10, 14 and 15

Township 19 South, Range 8 West
Sections 1, 2, 10, 15 and 16

Township 24 North, Range 6 East
Sections 10, 11 and 14

The previously granted temporarily abandoned status expires on December 21, 1999, and Energen Resources Corporation is requesting this Board to grant a six-month extension of the temporarily abandoned status beginning December 21, 1999, because all of the wells in the aforementioned sections have future utility and should not be plugged.

16. DOCKET NO. 12-17-999

Petition by JABSCO OIL OPERATING, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order force pooling, with a risk compensation penalty, all tracts and interests in hydrocarbons produced from Pennsylvanian and Mississippian Age strata from the Petitioner's re-entry of the James Owens 22-7 #1 Well, Permit No. 5079, located on a unit consisting of the North Half of Section 22, Township 17 South, Range 14 West, Lamar County, Alabama, pursuant to Section 9-17-13, *Code of Alabama* (1975), and Rule 400-1-13-.01 of the *State Oil and Gas Board of Alabama Administrative Code*.

1 17. DOCKET NO. 12-17-9910

2 Petition by VENTEX OPERATING CORP., a foreign corporation authorized to do
3 and doing business in the State of Alabama requesting the State Oil and Gas Board
4 to enter an order approving the ratification and approval of the Unit Agreement and
5 Unit Operating Agreement for the East Haynesville Sand Oil Unit in the North
6 Rome Field, Covington County, Alabama, said agreements incorporating the
7 provisions of Section 9-17-83, *Code of Alabama* (1975), and said agreements having
8 been signed or, in writing, ratified or approved by the owners of at least seventy-five
9 (75%) percent in interests as costs are shared, and by seventy-five (75%) percent in
10 interests of royalty and overriding royalty owners in said Unit, in accordance with
11 Section 9-17-84, *Code of Alabama* (1975). The plan for unitization of the East
12 Haynesville Sand Oil Unit in the North Rome Field was approved by the Board in
13 Order No. 99-80 issued November 5, 1999.

14
15 18. DOCKET NO. 12-17-9911

16 Petition by JN EXPLORATION & PRODUCTION LIMITED PARTNERSHIP, a
17 foreign limited partnership authorized to do and doing business in the State of
18 Alabama, requesting the State Oil and Gas Board (hereinafter "Board") to enter an
19 order pursuant to Section 9-17-86 of the *Code of Alabama* (1975), as amended, and
20 Order No. 98-59, modifying the contribution of the separately owned tracts lying
21 within the Southeast Frisco City Unit, Monroe County, Alabama, as originally
22 established by Order No. 98-59, dated May 15, 1998, effective June 1, 1999, for the
23 reason that such contribution should be altered because the original contributions
24 were erroneous and have been shown to be such by subsequently discovered data
25 which was unknown at the time of the original hearing and which has now become
26 known by virtue of the drilling of the Albritton 6-15 #1 ST Well, Permit No. 11603-
27 B. The Petitioner will further request that such revised contribution of each
28 separately owned tract shall not be given retroactive effect.

29
30 The Southeast Frisco City Unit encompasses portions of Section 1, Township 5
31 North, Range 6 East, and portions of Sections 5, 6, 7, and 8, of Township 5 North,
32 Range 7 East, all in Monroe County, Alabama.

33
34 Petitioner requests such other, further and different relief which the Board may find
35 proper.

36
37 19. DOCKET NO. 12-17-9912

38 Petition by SANDOLLAR OIL & GAS, INC., a Texas corporation, authorized to do
39 and doing business in the State of Alabama, requesting the State Oil and Gas Board
40 of Alabama to enter an Order (1) force pooling, without a risk compensation penalty,
41 all tracts and interests in a 160-acre wildcat drilling unit consisting of the Southeast

1 Quarter of the Northwest Quarter; Southwest Quarter of the Northeast Quarter;
2 Northeast Quarter of the Southwest Quarter; and the Northwest Quarter of the
3 Southeast Quarter of Section 34, Township 2 North, Range 7 East, Escambia
4 County, Alabama, pursuant to Section 9-17-13 *Code of Alabama* (1975); (2) naming
5 the Petitioner operator of said unit.
6

7 This petition is filed as a companion to petition bearing Docket No. 12-17-9913
8 seeking an order approving an exception to Rule 400-1-2-.02(2) of the *State Oil and*
9 *Gas Board of Alabama Administrative Code* for the drilling of the Woodall 34-11
10 No. 1 Well on a non governmental 160-acre unit.
11

12 20. DOCKET NO. 12-17-9913

13 Petition by SANDOLLAR OIL & GAS, INC., a Texas corporation, authorized to do
14 and doing business in the State of Alabama, requesting the State Oil and Gas Board
15 of Alabama to enter an order approving an exceptional unit for Petitioner's Woodall
16 34-11 No. 1 Well to be drilled on a 160-acre wildcat drilling unit consisting of the
17 Southeast Quarter of the Northwest Quarter; Southwest Quarter of the Northeast
18 Quarter, Northeast Quarter of the Southwest Quarter; and the Northwest Quarter of
19 the Southeast Quarter of Section 34, Township 2 North, Range 7 East, Escambia
20 County, Alabama as an exception to Rule 400-1-2-.02(2) of the *State Oil and Gas*
21 *Board of Alabama Administrative Code*. Said Rule requires 160-acre units to consist
22 of a governmental quarter section.
23

24 This petition is filed as a companion to petition bearing Docket No. 12-17-9912
25 seeking an order force pooling a 160-acre wildcat drilling unit.
26

27 21. DOCKET NO. 12-17-9914

28 Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an
29 Alabama corporation, requesting the Board to extend the temporarily abandoned
30 status for certain wells located in the Moundville Field, Tuscaloosa and Hale
31 Counties, Alabama. Petitioner owns an interest in said wells and desires to renew
32 their temporarily abandoned status in order that said wells can be re-entered and
33 completed. Petitioner alleges that said wells have future utility. The wells are
34 located in the following Sections:
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36 Township 23 North, Range 3 East
37 Sections: 13, 24

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Township 23 North, Range 4 East
Sections: 7, 8, 10, 11, 12, 13, 14, 15,
16, 17, 18, 19, 20, 21, 22, 23, 24, 28,
29, 30

Township 23 North, Range 5 East
Sections: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11,
14, 15, 16, 17, 18, 19 & 20

Township 24 North, Range 4 East
Sections: 24, 25

Township 24 North, Range 5 East
Sections: 19, 30 & 31

22 DOCKET NO. 3-6-9637
Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to repeal and rescind all rules and regulations of statewide application and to promulgate new rules and regulations of statewide application, provided, however, that Special Field Rules shall not be repealed and rescinded. The rules and regulations of the State Oil and Gas Board are set forth in Rule 400-1-1-.01 et seq. of the *State Oil and Gas Board of Alabama Administrative Code*. Under this Motion, the State Oil and Gas Board proposes to make substantial changes to regulations governing coalbed methane gas operations, offshore operations, and various other regulations.

23. DOCKET NO. 11-3-996
Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to extend the shut-in status for the following well operated by Tony L. Williams.

<u>PERMIT NO.</u>	<u>WELL NAME</u>	<u>LOCATION</u>	<u>COUNTY</u>
6309	Williams 25-9	Sec. 25, T9S, R14W	Marion

24. DOCKET NO. 12-17-9915
MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting operator HBPLD OIL EXPLORATION CORPORATION to show cause why the well identified hereinbelow located in Chilton County, Alabama should not be ordered immediately plugged.

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<u>PERMIT NO.</u>	<u>WELL NAME</u>	<u>LOCATION</u>
11477	Jubilee Energy-R. Mims 3-5 #1	Sec. 3, T22N, R14E

In the event the Board orders the well to be plugged and the operator fails to plug the well properly, then the Board will collect the proceeds of the well bond in order to commence plugging operations. Section 9-17-6(5) of the *Code of Alabama* (1975) authorizes the Board to require a bond, conditioned upon the performance of duties, one of which is the duty to plug each dry or abandoned well.

DOCKET NOS. 12-17-9916 through 12-17-9983
 Petitions by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order confirming that natural gas produced from wells is occluded natural gas produced from coal seams in the following described coal degasification fields, to-wit:

Cedar Cove Coal Degasification Field
 Tuscaloosa County, Alabama

Section 12, T24N, R6E; Sections 16, 30 and 35, T21S, R7W;
 Sections 32, 33 and 35, T21S, R8W;
 Sections 7, 8, 17, 18, 19, 20, 29 and 30 T22S, R8W;
 Sections 13, 15 and 25, T22S, R9W
 Section 12, T24N, R6E
 Sections 5, 7 and 18 T24N, R7E

Big Sandy Creek Coal Degasification Field
 Tuscaloosa County, Alabama

Sections 2, 3, 4, 9, 10, 11, 14 and 23, T24N, R6E

Oak Grove Coal Degasification Field
 Tuscaloosa and Jefferson Counties, Alabama

Sections 7 and 14, T18S, R5W
 Section 29, T19S, R6W

Peterson Coal Degasification Field
 Tuscaloosa County, Alabama

Sections 4 and 5, T21S, R8W.

1 Petitioner Energen avers that 68 wells located in the above-described lands produce
2 from coal seams and qualified under Section 107(c)(3)(High Cost Natural Gas) of
3 the former Natural Gas Policy Act (NGPA), 15 U.S.C. 3413. Energen has submitted
4 to the Board petitions for each coal seam gas well located in the above-described
5 coal degasification fields, and the petitions are available at the State Oil and Gas
6 Board, P.O. Box 869999, Tuscaloosa, Alabama 35486-6999, (205) 349-2852.
7

8
9 Members of the public are invited to attend this meeting and to present to
10 the Board their position concerning these matters. If special accommodations are
11 needed to facilitate attendance or participation in the meeting, please call
12 205/349-2852, ext. 211.
13

14 The public is advised that the Board may promulgate orders concerning a
15 petition which may differ from that requested by the petitioner concerning the
16 lands described in the notice. Pursuant to this hearing, Section 9-17-1 et seq. of
17 the *Code of Alabama* (1975) and the rules and regulations promulgated
18 thereunder, the Board will enter such order or orders as in its judgment may be
19 necessary based upon the evidence presented.
20

21 The State Oil and Gas Board was originally established by Act No. 1 of
22 the Legislature of Alabama in the Regular Session of 1945. The applicable law
23 pertaining to the establishment of the Board now appears in Section 9-17-1 et seq.
24 of the *Code of Alabama* (1975), as last amended. The applicable rules pertaining
25 to the conduct of hearings by the Board are found in Rule 400-1-12-.01 et seq. of
26 the State Oil and Gas Board of Alabama Administrative Code.
27

28 The next meeting of the Board will be held at 10:00 a.m. on Wednesday,
29 January 26, 2000, and Friday, January 28, 2000, in the Board Room of the State
30 Oil and Gas Board Building, Tuscaloosa, Alabama. The notices for the January
31 meeting should be filed on or before Monday, January 3, 2000. Petitions,
32 exhibits, affidavits, and proposed orders must be filed on or before Wednesday,
33 January 12, 2000. Requests to continue an item or to oppose an item listed on the
34 docket should be received by the Board at least two (2) days prior to the hearing.
35

36 Donald F. Oltz
37 Secretary to the Board

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 State Oil and Gas Board. The
3 Order will be made a part of 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
6 Officer and the staff will hear the uncontested items on the docket today and certain other
7 items. The State Oil and Gas Board will hear the recommendations of the Hearing
8 Officer, contested items, and certain other items beginning at 10:00 a.m. on Tuesday,
9 December 21, 1999, here in the Hearing Room in Tuscaloosa, Alabama. I will
10 recommend that the following items be continued: Item 1, Docket No. 5-13-9817,
11 petition by JN Exploration & Production Limited Partnership; Item 2, Docket No. 9-28-
12 998, petition by S. Lavon Evans, Jr. Operating Company, Inc.; Item 7, Docket No. 11-3-
13 994, petition by Finley Resources, Inc.; Item 22, Docket No. 3-6-9637, a motion by the
14 State Oil and Gas Board; and Item 24, Docket No. 12-17-9915, a motion by the Board. I
15 will recommend that the following petition be dismissed without prejudice: Item 12,
16 Docket No. 12-17-995, petition by Paramount Petroleum Company, Inc. The following
17 items will be set for hearing on Tuesday before the Oil and Gas Board: Item 3, Docket
18 No. 9-28-999, petition by Step Oil & Distributing, Inc.; Item 4, Docket No. 11-3-991,
19 petition by Northwest Alabama Gas District; Item 8, Docket No. 12-17-991, petition by
20 Jabsco Oil Operating LLC; Item 14, Docket No. 12-17-997, petition by Esenjay
21 Petroleum, Inc.; Item 16, Docket No. 12-17-999, petition by Jabsco Oil Operating, LLC;

1 Item 17, Docket No. 12-17-9910, petition by Ventex Operating Corporation; Item 18,
2 Docket No. 12-17-9911, petition by JN Exploration & Production Limited Partnership;
3 Item 21, Docket No. 12-17-9914, petition by Land and Natural Resource Development,
4 Inc.; Item 23, Docket No. 11-3-996, a motion by the Board relating to the Tony L.
5 Williams well in Marion County; petitions by Energen Resources Corporation bearing
6 Docket Nos. 12-17-9916 through 12-17-9983. All those petitions are set for hearing by
7 the Oil and Gas Board. The first item to be heard today is Item 5, Docket No. 11-3-992,
8 petition by Drummond Company, Inc. Mr. Summerford, if you and your witnesses will
9 step to the table. I was just wondering, Mr. Summerford, if we shouldn't consolidate
10 both these items and have them heard together. Would that save some time?

11 MR. SUMMERFORD: Yes, sir. I would move to do that.

12 MR. ROGERS: All right then. Item 5 will be consolidated with Item 6, Docket
13 No. 11-3-993, petition by Drummond Company, Inc. At this time we will swear in any
14 witnesses you are going to have testify in the case, Mr. Summerford.

15 MR. SUMMERFORD: That will be Mr. William Wells and Mr. David Bowers.

16 MR. ROGERS: Will you gentlemen stand and state your names and addresses?

17 MR. WELLS: My name is William B. Wells, Jr. I live at 2403 Lenwood Drive,
18 Jasper , Alabama

19 MR. BOWERS: David R. Bowers, Jr. I live at 1535 Clover Avenue,
20 Duncanville, Alabama.

21 (Witnesses were sworn by Mr. Rogers)

1 MR. ROGERS: We have the exhibits, Mr. Summerford, distributed here to the
2 staff. You can either call your first witness or if you want to give a brief statement about
3 the relief you are requesting, Mr. Summerford, however you want to handle it.

4 MR. SUMMERFORD: Yes, sir. Mr. Rogers, we had an informal meeting with
5 the staff on November 9th. I think the staff is sufficiently familiar with these petitions. I
6 don't think you would benefit from an opening statement so I would call our first witness
7 who may be the only witness we present today and that is Mr. Wells.

8 MR. ROGERS: That's fine. Please proceed.

9 MR. SUMMERFORD: Would you again state your name to the staff and Mr.
10 Rogers, the Hearing Officer?

11 MR. WELLS: My name is William B. Wells, Jr.

12 MR. SUMMERFORD: By whom are you employed?

13 MR. WELLS: I'm employed by the Drummond Company, Inc.

14 MR. SUMMERFORD: What position do you hold with Drummond Company,
15 Inc.?

16 MR. WELLS: Assistant Vice-President of Acquisitions, Development, and Mine
17 Planning.

18 MR. SUMMERFORD: Would you please tell Mr. Rogers, the Hearing Officer,
19 and other members of the State Oil and Gas Board staff--give them a general description
20 of the training and experience you have received to qualify you for your position?

1 MR. WELLS: I received a Bachelor of Science Degree in Environmental
2 Engineering from Penn State in 1979 and a Master's Degree in Mining Engineering from
3 Penn State in 1981. I'm a Registered Professional Engineer in the State of Alabama.
4 Since 1981 I've held various engineering and management positions with coal companies
5 in West Virginia and Kentucky. In 1990 I was employed by the Drummond Company in
6 West Virginia and relocated to Alabama in 1992. Since that time I have been involved in
7 the engineering and mine planning for various Drummond Company mines including the
8 Shoal Creek Mine which is the subject of this petition today.

9 MR. SUMMERFORD: Mr. Rogers, we would tender Mr. Wells as an expert.

10 MR. ROGERS: He is so recognized.

11 WILLIAM B. WELLS

12 Appearing as a witness on behalf of Petitioner, Drummond Company, Inc.,
13 testified as follows:

14 DIRECT EXAMINATION

15 Questions by Mr. Summerford:

16 Q. Mr. Wells, has Drummond Company, Inc. filed the two petitions that are before
17 us for consideration today?

18 A. Yes, they have.

19 Q. Do those petitions relate to the Oak Grove Field and the White Oak Creek Field?

20 A. Yes.

1 Q. Would you please describe to Mr. Rogers and to the other members of the State
2 Oil and Gas Board staff Drummond Company's plans for these--for activity in
3 these two fields and the reasons or purposes for filing these two petitions,
4 beginning first with the Oak Grove Field and then moving on to the White Oak
5 Field?

6 A. Okay. If I may, I'll use the map. Is that all right, Mr. Rogers?

7 MR. ROGERS: Yes. If you can, stand near a microphone. That way the Hearing
8 Reporter can hear what you say.

9 A. Okay. This map shows our current mine workings which you see shaded in gray
10 and the projected mine plan for the next approximately 15 years. We currently
11 have two long-wall sections working, one over here and one in this area. We are--
12 our practices on this side of the mine, we install gob wells to remove methane
13 from the mine workings. Currently we are venting that gas to the atmosphere.
14 We are encountering additional methane on this side of the mine. This is in the
15 Oak Grove Field down here. Our plans in the future are to install gob wells over
16 in this side of the mine as well. The reason for our petition is--what we would
17 like to do with these gob wells rather than venting to the atmosphere, we would
18 like to commercialize that gas. Also in areas where we are encountering more
19 gas, we foresee the potential to need to drill some horizontal boreholes to degasify
20 the coal in advance of mining for safety reasons. Our intent is to work, if
21 possible, with the existing holders of the conventional coalbed methane rights to

1 commercialize that gas. They have collection systems in the area and we don't
2 see ourselves as being a large enough gas producer to justify the investment in
3 putting in our own collection system. We hope to work with the existing
4 conventional coalbed methane producers in that area. In the White Oak Field we
5 are currently developing these panels here. Our reason for the petition is the
6 same. We foresee the potential that we may need to drill some horizontal
7 boreholes to degasify the coal and we will also need gob wells to remove the
8 methane after long-wall mining. Our original petition had covered our entire lease
9 area which is outlined on this exhibit in blue. After our informal meeting last
10 month the Oil and Gas Board staff recommended that we reduce that petition to a
11 much smaller area and we have done so. The current area, rather than covering
12 our entire lease area in the Oak Grove Field, has been reduced to this smaller area
13 here and the same in the White Oak Field. We have reduced it to this small area
14 here.

15 WILLIAM B. WELLS

16 EXAMINATION BY BOARD/STAFF

17 Questions by Mr. Rogers:

18 Q. Would you describe those using the colors, Mr. Wells, just for the record so that
19 we will have that clear, the areas that you just mentioned?

20 A. Okay. The brown-shaded area is the area that we are requesting to be included as
21 the mining area in the Special Field Rules in the Oak Grove Field. The green-

1 shaded area is the area that we are petitioning to be included in the White Oak
2 Field.

3 Q. Thank you.

4 A. Any other questions? Thank you.

5 Q. Just for the record, Mr. Wells, are these the areas that Drummond intends to
6 develop during the next two years?

7 A. We will not mine that entire area in two years but we foresee a need--a potential
8 need to conduct degasification efforts in those areas in the next two years in
9 advance of mining.

10 MR. ROGERS: Okay. Proceed Mr. Summerford with other questions or other
11 exhibits.

12 MR. SUMMERFORD: Mr. Rogers, those are the only questions I have for Mr.
13 Wells. We had filed other exhibits with the Board prior to today. If there are any
14 specific questions about those, Mr. Wells will be happy to address those.

15 MR. ROGERS: We have these other exhibits. If your witness could just briefly
16 describe what these other exhibits are, Mr. Summerford, maybe they could be identified
17 in the record.

18 DIRECT EXAMINATION

19 Questions by Mr. Summerford:

20 Q. Mr. Wells, if you would, please, you have Exhibit 2 before you now?

21 A. Yes, I do.

1 Q. Would you describe that exhibit and what it shows, please?

2 A. Exhibit 2 shows a general geologic cross section across what we call our "C"
3 panels which is the area in the petition in the Oak Grove Field. It shows the
4 principle coal seams that are in that area. The seams that we are mining are the
5 lowermost seams shown in this exhibit which is the Mary Lee and the Blue Creek
6 seams. We mine both seams together including a thin parting between the two
7 seams.

8 Q. Any questions about Exhibit 2?

9 MR. ROGERS: Let's just go through all your exhibits, Mr. Summerford, and if
10 we have any other questions about any of them we will come back to that.

11 Q. Do you have before you now Exhibit 3?

12 A. Yes.

13 Q. Would you please describe that exhibit and what it shows to the Board?

14 A. Exhibit 3 shows the same type geological section across what we call the "G"
15 panels which is the area that we have requested to be included as a mining area in
16 our petition for the White Oak Field. The information presented is the same and
17 the seams that we mine in that area are the same.

18 Q. Let me show you now a horizontal borehole schematic. Would you describe that
19 exhibit, please?

20 A. We have shown a typical horizontal borehole. We are looking at drilling that hole
21 in the Mary Lee and Blue Creek seams and possibly the overlying strata

1 immediately above. The type hole we anticipate installing would have a six-inch
2 cased wellhead that would be grouted in place followed by a three to four inch
3 diameter open hole. We foresee borehole lengths of up to 5,000 feet depending
4 on the mine configuration and the reserve configuration. The wellhead would
5 then have a collection line coming from the wellhead. We have not shown a
6 water separator but a water separator and valving would be included. Each
7 wellhead would connect to a collection line that would then go to a vertical
8 borehole to the surface where the gas would be metered.

9 Q. Next let me show you another exhibit. Is this the gob well schematic?

10 A. Yes.

11 Q. Could you please describe it to the Board?

12 A. This shows a typical gob well schematic where we would drill a vertical hole
13 down to the Mary Lee/Blue Creek seam. This schematic actually shows what we
14 call a combination well that could produce conventional coalbed methane and
15 then be converted to gob gas, but the hole would have a surface casing that would
16 go down 20 feet or to rock. We would have approximately 150 feet to 300 feet of
17 casing that would be grouted in place from the surface. We have an optional
18 smaller diameter casing that would go down closer to the coal seam.

19 Q. On behalf of Drummond, are you asking that these two petitions be approved?

20 A. Yes.

21 MR. SUMMERFORD: That's all.

1 MR. ROGERS: All right. Let's see, we will number the horizontal borehole
2 schematic Exhibit 4 and then we will number the gob well schematic Exhibit 5. Mr.
3 Wells, if you would, sign these two exhibits. The others that we have are signed. Just
4 sign these originals here that were admitted into the record. All these exhibits will be
5 admitted. These are Exhibits 1 through 5.

6 (Whereupon, the exhibits were received in evidence)

7 MR. ROGERS: Let's take a brief recess, Mr. Summerford. Mr. Wilson had a
8 point he wanted to raise.

9 (Whereupon, the hearing was recessed for two minutes)

10 MR. ROGERS: The hearing is in session. Mr. Summeford, Mr. Wilson just
11 addressed an issue to make sure that the proposal is consistent with the exhibit that was
12 submitted. Would you address that?

13 MR. SUMMERFORD: Mr. Rogers, at this time we would orally amend the
14 petition by eliminating from the Oak Grove petition in Jefferson County that property
15 described as Section 24 in the East One-Half of Section 13, Township 18 South, Range 8
16 West.

17 MR. ROGERS: All right. That amendment will be accepted and you will
18 confirm that with a formal written amendment to the petition.

19 MR. SUMMERFORD: Yes, sir.

1 MR. ROGERS: Any other questions? When we receive that the staff will review
2 the evidence and make a recommendation to the Board at the hearing on Tuesday.
3 Anything else, Mr. Summerford?

4 MR. SUMMERFORD: No, sir.

5 MR. ROGERS: Thank you.

6 MR. SUMMERFORD: Yes, sir, thank you.

7 MR. ROGERS: The next item is Item 9, Docket No. 12-17-992, petition by
8 Union Oil Company of California.

9 MR. HANBY: Mr. Hearing Officer, my name is Ken Hanby and I represent
10 Union Oil Company of California in this matter. Union is requesting in this petition an
11 exception to Rule 400-1-3-.03, Rule 400-1-4-.03, and Rule 4(b) of the Special Field
12 Rules for the Chunchula Field with respect to the completion technique asking for a
13 packerless and an open-hole completion at Chunchula. Union has filed an affidavit by
14 Dennis Romero along with copies of certain letters and a borehole schematic. Union
15 requests that the affidavit and the accompanying exhibit and letters be admitted into the
16 record and that the Board grant the petition based upon the affidavit and the exhibit
17 submitted with the affidavit.

18 MR. ROGERS: The affidavit is admitted.

19 (Whereupon, the affidavit with attached exhibit
20 and the letters were received in evidence)

1 MR. ROGERS: The staff will review the evidence and make a recommendation
2 to the Board. The next item is Item 10, Docket No. 12-17-993, petition by Union Oil
3 Company of California.

4 MR. HANBY: Mr. Hearing Officer, my name is Ken Hanby again representing
5 Union Oil Company of California in this matter. This is requesting that eleven wells be
6 classified as temporarily abandoned for an additional six-month period. Union has filed
7 an affidavit by Mr. Michael M. Gable pertaining to these eleven wells. Union requests
8 that this affidavit be accepted into the record and that the Board grant this petition based
9 on that affidavit.

10 MR. ROGERS: The affidavit is admitted.

11 (Whereupon, the affidavit was received in evidence)

12 MR. ROGERS: The Hearing Officer and the staff will review the evidence and
13 make a recommendation to the Board. The next item is Item 11, Docket No. 12-17-994,
14 petition by Goldston Oil Corporation.

15 MR. TYRA: Good morning. I'm John Tyra here on behalf of Goldston Oil
16 Corporation. I have prefiled an affidavit of notice in this matter that I would request be
17 made a part of the record at this time.

18 MR. ROGERS: The affidavit is admitted.

19 (Whereupon, the affidavit was received in evidence)

20 MR. TYRA: This is a request to make permanent an emergency order rendered
21 on November 5, 1999, which is Order E-99-83. It's concerning an exceptional unit for

1 the Floyd 25-1 No. 1 Well. At that emergency hearing Brian Sims offered testimony and
2 exhibits and I would ask that his testimony and those exhibits be incorporated into the
3 record. We submit this matter to the Board on the basis of that testimony.

4 MR. ROGERS: Those items are incorporated into the record. We will review the
5 evidence and make a recommendation to the Board.

6 (Whereupon, testimony and exhibits related to E-99-83
7 were incorporated by reference)

8 MR. ROGERS: The next item is Item 13, Docket No. 12-17-996A, petition by
9 Zinn Petroleum Company.

10 MR. WATSON: Mr. Rogers, I have prefiled an affidavit of testimony in this
11 matter and would ask that that be made a part of the record.

12 MR. ROGERS: The affidavit with attached exhibits is admitted.

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

15 MR. WATSON: An affidavit of notice also was filed in this matter.

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

17 (Whereupon, the affidavit was received in evidence)

18 MR. WATSON: I ask that you make your recommendation based on the
19 testimony contained in that affidavit of testimony in support of the petition.

1 MR. ROGERS: The Hearing Officer and staff will make a recommendation to
2 the Board at the Tuesday hearing of the Board. The next item is Item 15, Docket No. 12-
3 17-998, petition by Energen Resources Corporation.

4 MR. WATSON: Mr. Rogers, I have prefiled an affidavit of testimony by John
5 Wallace in support of this petition to continue the TA status of certain wells operated by
6 Energen. I have also filed and have an extra copy of a status map to show you the status
7 of certain wells operated by Energen including those for which TA status is requested. I
8 would ask that you admit Mr. Wallace's affidavit of testimony in support of this request
9 into the record. You can make a copy of this updated December 1999 map, an exhibit to
10 that file, if you would, please. We have normally submitted the map as a courtesy so you
11 can refer to that. I do not attach it normally to the affidavit of testimony, Mr. Rogers.
12 Attached to the affidavit of testimony are the list of the wells for which the TA status is
13 requested.

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

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

16 MR. ROGERS: We're back in session. The affidavit is admitted and the map
17 will be admitted.

18 (Whereupon, the affidavit and attachments
19 were received in evidence)

20 MR. ROGERS: The next item is Item 19, Docket No. 12-17-9912, petition by
21 Sandollar Oil and Gas Inc.

1 MR. DONALD: Mr. Rogers, for the record my name is John Donald. I'm
2 representing the petitioner in these two matters. First, Item No. 19 involving the force
3 pooling petition, we have submitted both the ownership and control affidavit and the
4 notice affidavit to the Board by Mr. Simmons. We ask that those be made a part of the
5 record and use those to base your recommendation to the Board for that petition. With
6 regard to the State of Alabama, Department of Conservation, one of the nonconsenting
7 owners, I was advised this week by Nancy Cone of that office that the State will not
8 submit to the force pooling because they are in the process of advertising for bid that tract
9 involved in this proposed unit. The State-owned tract within the proposed unit would
10 comprise one acre or less. The tract which the State will advertise for bid is all of the
11 water bottom of Big Escambia Creek lying within Section 34 comprising approximately
12 eight acres. With those items, we would like for the Board to consider granting the
13 petition for force pooling.

14 MR. ROGERS: All right. The affidavit of Mr. Simmons--both affidavits are
15 admitted.

16 (Whereupon, the affidavits were received in evidence)

17 MR. ROGERS: We will take notice that the State of Alabama has not consented
18 to the force pooling and so the proposed order submitted to the Board for signature will
19 indicate that the force pooling would not relate to and be effective against the State's
20 interest. When we get into testimony you might want to address that, Mr. Donald. What
21 is the plan to handle the State's interest? Maybe you can just tell us.

1 MR. DONALD: We're planning to bid on that tract when it's advertised.

2 MR. ROGERS: Is that upcoming in the near future?

3 MR. DONALD: Ms. Cone indicated that it would be advertised in January of
4 2000.

5 MR. ROGERS: So, with these two affidavits admitted we will make a
6 recommendation to the Board relating to Item 19.

7 MR. DONALD: As to Item 20, I would like to swear in our witness, Mr. John
8 Hinton.

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

10 MR. HINTON: Yes, sir. My name is John Hinton. I reside at 8006 Green
11 Devon, Houston, Texas.

12 (Witness was sworn by Mr. Rogers)

13 MR. ROGERS: Proceed with Item 20.

14 MR. DONALD: Mr. Hinton, please state again your name and address for the
15 record.

16 MR. HINTON: John Hinton. I live at 8006 Green Devon, Houston, Texas.

17 MR. DONALD: Mr. Hinton, we have previously submitted your affidavit of
18 qualifications but I ask that you go over those qualifications at this time.

19 MR. HINTON: I graduated from Millsaps College in 1981 with a Bachelor of
20 Science majoring in Geology. Starting in 1981 I worked for Cities Service Oil and Gas
21 Company as an exploration geologist until 1987 and was transferred to Houston. Cities

1 had become Occidental Petroleum. I worked from 1987 to 1990 for Occidental, both in
2 exploration and production. I left Occidental in 1990 and formed Basic Exploration
3 Company. I do consulting geological work to the present.

4 MR. DONALD: Mr. Rogers, we request that Mr. Hinton be accepted as an expert
5 witness in geology.

6 MR. ROGERS: He is so recognized.

7 JOHN HINTON

8 Appearing as a witness on behalf of Petitioner, Sandollar Oil & Gas, Inc., testified
9 as follows:

10 DIRECT EXAMINATION

11 Questions by Mr. Donald:

12 Q. Mr. Hinton, state your current occupation and employment.

13 A. I'm a consulting geologist. I formed and own Basic Exploration Company.

14 Q. Mr. Hinton, there is pending before this Board a petition for the granting of an
15 exceptional 160-acre drilling unit in Section 34, Township 2 North, Range 7 East,
16 Escambia County, Alabama. Are you familiar with this petition and its contents?

17 A. Yes, I am.

18 Q. Using the structure map which was previously submitted and prepared by you,
19 please state what geological studies you have made of this area and the proposed
20 location of this well in Section 34.

21 MR. ROGERS: Excuse me, do you have any extra copies, Mr. Donald?

1 MR. DONALD: Yes, I have some here.

2 A. The map before you is a structure map on top of the resistivity marker in the
3 marine shale of the Tuscaloosa Formation. I have made additional maps on
4 deeper and shallower horizons. I have constructed fault plain maps, cross sections
5 and isopachs. As it stands right now the location that we have spotted there on
6 the map, in my opinion, is the optimum spot to test the feature.

7 Q. Briefly, the seismic line that was run from the southwest to the northeast was run
8 by whom?

9 A. It was shot for Sandollar Oil and Gas late summer of this year.

10 Q. The seismic line running from the southeast to the northwest was performed by
11 whom?

12 A. That was done for Texaco and Florida Exploration.

13 Q. Approximately how old is that line?

14 A. That's vintage 1981, I believe, so it's close to 19 years old.

15 Q. To what depth would you drill this proposed well?

16 A. We plan to drill to 9,000 feet.

17 Q. Please state whether or not the proposed location of this Woodall 34-11 well is in
18 the optimum location for the drilling of a commercially producible well.

19 A. Yes, sir, it is.

1 Q. In your opinion, is the proposed 160-acre drilling unit the best size unit, both from
2 a practical and from a geological standpoint, that could be utilized for the drilling
3 of this well?

4 A. Yes, sir.

5 Q. In your opinion is it necessary to protect the mineral owners rights in the proposed
6 unit to drill this well in the location you have selected?

7 A. Yes, sir.

8 Q. Mr. Hinton, are you familiar with the term "waste" in its ordinary meaning and as
9 it is defined by the Alabama Oil and Gas statutes?

10 A. Yes, I am.

11 Q. In your opinion, would the granting of this petition prevent waste and would this
12 location be the optimum position in the proposed unit for the most efficient and
13 economic drainage of the unit?

14 A. Yes.

15 MR. DONALD: Mr. Rogers, I tender this witness to the staff for any questions
16 they might have.

17 JOHN HINTON

18 EXAMINATION BY BOARD/STAFF

19 Questions by Mr. Wilson:

20 Q. Mr. Hinton, what is your proposed depth on this well?

21 A. 9,000 feet.

1 Q. I see your structure map--this is on the top of Lower Tuscaloosa. Is it 6,000,
2 roughly?

3 A. Yes, sir.

4 Q. What formation do you anticipate the well would bottom in?

5 A. Uh--we expect to drill some 400 to 500 feet of the Paluxy Formation.

6 Q. I note in your proposed order that has been submitted for Sandollar on this item--
7 the language in the proposed order states that the royalties from production from
8 said well shall be held in escrow pending an order of the Board establishing either
9 a fieldwide unit or the ultimate production unit for the well. I just wanted to note
10 that for the record. That is what you are proposing. As you may be aware, the
11 spacing may be less than 160.

12 A. Certainly.

13 Q. If the well comes in productive, depending on the evidence obtained from the
14 drilling of the well.

15 A. Yes, sir.

16 MR. ROGERS: We will admit into the record the letter I wrote to Mr. Donald
17 dated December 1, 1999, related to notice. In the letter we request that Sandollar notify
18 certain owners of interest of the petition.

19 (Whereupon, the letter was received in evidence)

20 MR. ROGERS: I'll ask Mr. Donald or Mr. Simmons, did you comply with the
21 letter and notify the owners as requested in this letter?

1 MR. DONALD: Before we answer that question I'll also add that--you wrote a
2 letter to me dated December 10, 1999, which requested that we notify all owners known
3 to us by first class mail. We have submitted Mr. Simmons' affidavit in connection with
4 this petition concerning notice and we would like to have that admitted as evidence and
5 used in your recommendation.

6 MR. ROGERS: The letter of December 10 is admitted also.

7 (Whereupon, the letter was received in evidence)

8 MR. ROGERS: I guess the question is, have you complied with the December
9 10th letter?

10 MR. DONALD: Yes, we have.

11 MR. ROGERS: Anything else?

12 MR. DONALD: We would ask that these two matters be given favorable
13 recommendation to the Board in its meeting next week.

14 MR. ROGERS: We don't have an original. Let's have Mr. Hinton sign this
15 Exhibit 1 that is admitted.

16 (Whereupon, the exhibit was received in evidence)

17 MR. DONALD: We would like to have this exhibit admitted as evidence but we
18 would also like to have it held confidential by the Board.

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

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

1 MR. ROGERS: The hearing is back in session. Mr. Donald, would you have
2 your witness address the confidentiality of the exhibit that you submitted?

3 MR. DONALD: Yes, I will

4 JOHN HINTON

5 DIRECT EXAMINATION

6 Questions by Mr. Donald:

7 Q. Mr. Hinton, you have supplied to this Board an exhibit detailing the structure for
8 this area. In your opinion, should this map be held confidential by the Board for
9 geological reasons?

10 A. I would appreciate it, at least for some period of time. You see we have three
11 seismic lines and they were used and tied to the geological data constructed. As
12 far as permanently being held confidential, I guess not, no, but for maybe six
13 months.

14 Q. Would that be a standard request that is made in the industry for it to be held
15 confidential for a six-month period?

16 MR. ROGERS: Let me interrupt. If it is ruled confidential it will be kept
17 confidentially within reason indefinitely. We don't normally release them. We deal with
18 the procedure of releasing logs, but that's accepted. We have done that in the past, that it
19 be ruled confidential. It will just be in the confidential file unavailable for public
20 disclosure.

21 MR. DONALD: We are making that request.

EXAMINATION BY BOARD/STAFF

Questions by Mr. Rogers:

Q. One other question, Mr. Hinton. Would you say that this type of map and this type of exhibit is generally considered to be confidential in the oil and gas industry in order that such competition can't use the information contained on it?

A. I'll attempt to answer your question. It will take just a second. I attempted to supply a truthful map and though there are no data points from the seismic line posted on it, this is still our best guess as to what the feature looks like, given that the State still has a little bit of acres that haven't been put out for bid, etc. We feel like the data is somewhat proprietary to us and would like it to be held confidential. As far as to whether or not that's an industry-accepted practice without the seismic data points, I'm not sure. As I said, I tried to supply a truthful map to you.

MR. ROGERS: The exhibit will be ruled confidential and unavailable for public disclosure.

MR. DONALD: Thank you.

MR. ROGERS: We will return all the rest of these and keep the original.

Anything else, Mr. Donald?

MR. DONALD: Yes, sir, Mr. Rogers. At this point I would like to introduce the President of Sandollar Oil and Gas, Mr. John Stephenson, who is sitting in the back of the room. I would like to introduce him to the staff members. I know you will want to wish

1 him well in his first venture in Alabama. We appreciate your hearing us today. Thank
2 you.

3 MR. ROGERS: The Hearing Officer, State Geologist, and staff will review the
4 evidence and make a recommendation to the Board at the hearing on Tuesday. Thank
5 you. The hearing is adjourned.

6 (Whereupon, the hearing was adjourned at 10:45 a.m.)

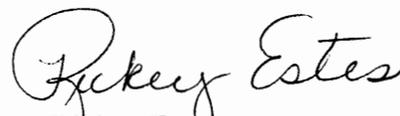
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REPORTER'S CERTIFICATE

STATE OF ALABAMA
COUNTY OF TUSCALOOSA

I, Rickey Estes, Hearing Reporter in and for the State of Alabama, do hereby certify that on Friday, December 17, 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 40 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