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	DIRECT/ RE-DIRECT	CROSS/ RE-CROSS	EXAM. BY BOARD/STAFF
1. Steven Hutchings	25-28 29	----	28-29
2. John Wallace	30-31 32-35	----	31 36

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9.28.01

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Board Report	Hearing Officer Report	23	23
Exhibit 1 (Item 12)	7/3/01 letter to CD Exploration with attached green card (Steven M. Hutchings)	25	26
Exhibit 2 (Item 12)	7/3/01 letter to Albert Pinson Carpenter, Jr. with attached green card (Steven M. Hutchings)	25	26
Exhibit 3 (Item 12)	Affidavit of notice (William T. Watson)	24	24
Exhibit 1 (Item 10)	Map of portions of Cedar Cove and Big Sandy Degasification Fields (John Wallace)	31	31
Exhibit 2 (Item 10)	Affidavit of testimony (John Wallace)	29	30
Exhibit 1 (Item 11)	Map of portions of Oak Grove and Brookwood Degasification Fields (John Wallace)	35	35
Exhibit 2 (Item 11)	Affidavit of testimony (John Wallace)	32	32
Exhibit 1 (Item 15)	Affidavit of testimony (Michael M. Gable)	36	37
Exhibit 1 (Item 24)	Rule 400-7-1 (S. Marvin Rogres)	37	37

EXHIBITS

(ITEM NO.)	EXHIBIT NO. (TESTIMONY OF)	TITLE	
		OFFERED	RECEIVED
Exhibit 1 (Item 25)	Rule 400-3-8-.01 (S. Marvin Rogers)	38	38

EXHIBITS
(Incorporated by Reference)

DESCRIPTION	OFFERED	RECEIVED
Prior record of Docket No. 4-18-01-18A	38	38
Prior record of Docket No. 4-18-01-19A	38	38

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

July 27, 2001

Testimony and proceedings before the State Oil and Gas Board in Regular Session in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, pursuant to adjournment on this the 27th day of July, 2001.

BOARD MEMBERS

Mr. Gaines C. McCorquodale..... Chairman
Mr. Matthew S. Metcalfe..... Member

BOARD STAFF

Dr. Donald F. Oltz Secretary and Supervisor
Mr. Marvin Rogers..... Attorney
Mr. Gary Wilson Deputy Director
Mr. Jay H. Masingill Assistant Supervisor
Dr. David Bolin..... Assistant Supervisor
Ms. Janyth Pashin Assistant Supervisor
Mr. Richard Hamilton..... Engineer

APPEARANCES

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NAME

REPRESENTING

1. Steve Hutchings
Mobile, AL

Phillips Petroleum

2. Steve Harrison
Tuscaloosa, AL

El Paso Production Co.

1 (The hearing was convened at 10:05 a.m.
2 on Friday, July 27, 2001, at Tuscaloosa, Alabama.)
3

4 (Mr. Dampier was absent)
5
6

7 CHMN. MCCORQUODALE: Let the record reflect that the State Oil and Gas Board is
8 now in session. Dr. Oltz, have the items to be heard today been properly noticed?

9 DR. OLTZ: Mr. Chairman, the items to be heard today have been properly noticed. An
10 agenda of today's meeting has been transmitted to the recording secretary.
11

12
13 AGENDA
14 STATE OIL AND GAS BOARD MEETING
15 JULY 25 & 27, 2001
16

17 The State Oil and Gas Board of Alabama will hold its regular monthly meeting at
18 10:00 a.m. on Wednesday, July 25, and Friday, July 27, 2001, in the Board Room
19 of the State Oil and Gas Board Building, University of Alabama Campus,
20 Tuscaloosa, Alabama, to consider among other items of business the following
21 petitions:
22

23 1. DOCKET NO. 1-29-01-17

24 Continued petition by RIVER GAS CORPORATION, an Alabama corporation,
25 requesting the State Oil and Gas Board to enter an order force pooling, with a risk
26 compensation penalty, all tracts and interests in hydrocarbons produced from the
27 Pottsville Formation from the Hassinger 17-02-222 Well, to be drilled on an 80-
28 acre unit consisting of the West Half of the Northeast Quarter of Section 17,
29 Township 17 South, Range 8 West, Tuscaloosa County, Alabama, in the White
30 Oak Creek Coal Degasification Field. This Petition is in accordance with Section
31 9-17-13, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the State
32 Oil and Gas Board of Alabama Administrative Code.

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2. DOCKET NO. 1-29-01-18

Continued petition by RIVER GAS CORPORATION, an Alabama corporation, 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 the Pottsville Formation from the Hassinger 17-03-223 Well, to be drilled on an 80-acre unit consisting of the East Half of the Northwest Quarter of Section 17, Township 17 South, Range 8 West, Tuscaloosa County, Alabama, in the White Oak Creek Coal Degasification Field. This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama Administrative Code.

3. DOCKET NO. 1-29-01-19

Continued petition by RIVER GAS CORPORATION, an Alabama corporation, 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 the Pottsville Formation from the Hassinger 17-05-224 Well, to be drilled on an 80-acre unit consisting of the West Half of the Northwest Quarter of Section 17, Township 17 South, Range 8 West, Tuscaloosa County, Alabama, in the White Oak Creek Coal Degasification Field. This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama Administrative Code.

4. DOCKET NO. 4-18-01-6

Continued petition by BLACK WARRIOR METHANE CORPORATION, an Alabama corporation with its headquarters in Brookwood, Alabama, requesting the State Oil and Gas Board to enter an order re-assuming jurisdiction and authority over the following described wells in the Brookwood Coal Degasification Field, Tuscaloosa County, Alabama:

<u>Well Name</u>	<u>Permit No.</u>	<u>Location</u>
Shook 01-01-03	3916-CG	S1, T20S, R8W
Shook 01-01-05	3954-CG	S1, T20S, R8W
Shook 01-02-01	3758-C	S1, T20S, R8W
Shook 02-06-04	3675-C	S2, T20S, R8W
Wesley West 03-02-02	6742-CG	S3, T20S, R8W
Wesley West 03-03-03	8304-CG	S3, T20S, R8W
Wesley West 03-04-04	9963-CG	S3, T20S, R8W
Shook 06-03-07	5221-CG	S6, T20S, R7W
Shook 06-02-10	5494-CG	S6, T20S, R7W
Shook 06-07-12	5533-CG	S6, T20S, R7W

1	USPF 10-07-01	3403-C	S10, T20S, R8W
2	S.E. Belcher 10-16-02	3459-C	S10, T20S, R8W
3	S.E. Belcher 10-16-07	6669-CG	S10, T20S, R8W
4	S.E. Belcher 10-09-12	7813-CG	S10, T20S, R8W
5	S.E. Belcher 10-10-13	9419-CG	S10, T20S, R8W
6	USPF 11-09-05	3302-CG	S11, T20S, R8W
7	USPF 11-09-22	4440-C	S11, T20S, R8W
8	USPF 11-10-03	4275-CG	S11, T20S, R7W
9	USPF 11-11-12	3263-C	S11, T20S, R8W
10	USPF 11-11-32	5447-CG	S11, T20S, R8W
11	USPF 11-12-35	6028-CG	S11, T20S, R8W
12	USPF 11-13-11	3271-C	S11, T20S, R8W
13	USPF 11-13-18	3272-C	S11, T20S, R8W
14	USPF 11-13-33	5991-CG	S11, T20S, R8W
15	USPF 11-13-34	6027-CG	S11, T20S, R8W
16	United Land 11-13-36	6743-CG	S11, T20S, R8W
17	USPF 11-14-30	5429-CG	S11, T20S, R8W
18	USPF 11-14-31	5446-CG	S11, T20S, R8W
19	USPF 11-15-08	3244-C	S11, T20S, R8W
20	USPF 11-15-27	4997-CG	S11, T20S, R8W
21	USPF 11-15-28	5130-CG	S11, T20S, R8W
22	USPF 11-16-23	4521-CG	S11, T20S, R8W
23	Univ. of Alabama 12-12-08	4908-CG	S12, T20S, R7W
24	United Land 12-15-04	6289-CG	S12, T20S, R8W
25	United Land 12-15-05	6298-CG	S12, T20S, R8W
26	USPF 14-04-03	3317-C	S14, T20S, R8W
27	USPF 14-05-04	3318-C	S14, T20S, R8W
28	USPF 14-08-07	5078-CG	S14, T20S, R8W
29	USPF 14-15-05	4603-C	S14, T20S, R8W
30	USPF 15-01-01	3327-C	S15, T20S, R8W
31	USPF 15-08-02	3328-C	S15, T20S, R8W
32	USPF 15-02-03	3329-C	S15, T20S, R8W
33	USPF 19-07-05	5196-CG	S19, T20S, R7W
34	USPF 24-15-05	4919-CG	S24, T20S, R8W
35	United Land 25-02-09	7943-CG	S25, T20S, R8W
36	United Land 25-02-10	7741-CG	S25, T20S, R8W
37	United Land 25-08-08	7740-CG	S25, T20S, R8W
38	Center Coal 33-09-07	8187-CG	S33, T19S, R7W
39	A.H. Bean 34-10-03	6480-CG	S34, T19S, R8W
40	U.S. Steel 34-11-07	5486-CG	S34, T19S, R7W
41	Higgins 34-12-07	10134-CG	S34, T19S, R8W

1	Higgins 34-14-05	8353-CG	S34, T19S, R8W
2	Gulf States 34-15-04	6512-CG	S34, T19S, R8W
3	First National Bank of		
4	Tuskaloosa 34-16-02	5856-CG	S34, T19S, R8W
5	Shook 35-10-02	3681-C	S35, T19S, R8W
6	Shook 35-13-16	5366-CG	S35, T19S, R8W
7	Shook 35-14-06	3694-C	S35, T19S, R8W
8	Shook 35-15-10	4354-CG	S35, T19S, R8W

9
10 That by Order No. 94-95, the Board relinquished jurisdiction over the above-
11 described wells and subsequently re-assumed jurisdiction for thirteen (13) wells
12 by Order No. 2000-101. Due to the installation of a Nitrogen Recovery Unit that
13 will take non-pipeline quality gas and recover non-combustible gas from the full
14 well stream thus rendering otherwise non-marketable gas marketable, Petitioner is
15 requesting the Board to re-assume jurisdiction and authority over the above-
16 described wells. This process will prevent waste by marketing the gas, thus
17 protecting correlative rights and the environment.

18
19 5. DOCKET NO. 4-18-01-10
20 Continued petition by JABSCO OIL OPERATING, LLC, an Alabama limited
21 liability company, requesting the State Oil and Gas Board to enter an order
22 reducing the gas allowable for the Local, Inc. operated Christian 16-10 Well No.
23 1, Permit No. 11874, located on a 240-acre gas unit consisting of the Northeast
24 Quarter and the North Half of the Southeast Quarter of Section 16, Township 14
25 South, Range 14 West, Lamar County, Alabama, in the Southeast Fairview Field.
26 Petitioner contends that a gas allowable of 500 MCFD will damage the reservoir,
27 the limits of which have not yet been determined. Gas production from said
28 Christian 16-10 Well No. 1 is from a gas cap which is a part of the Carter Sand
29 Oil reservoir in the Southeast Fairview Field and any premature reduction of the
30 pressure associated with the gas cap may cause waste in that oil will be left in the
31 Carter Sand Oil Pool. Petitioner seeks a lower daily gas allowable that will afford
32 maximum protection for the Carter Sand Oil Pool.

33
34 6. DOCKET NO. 5-25-01-12
35 Continued petition by S. LAVON EVANS, JR. OPERATING COMPANY, INC.,
36 a foreign corporation, authorized to do and doing business in the State of
37 Alabama, requesting the State Oil and Gas Board to enter an order granting an
38 exception to the testing requirements of Rule 8 of the Special Field Rules for the
39 County Line Field, Lamar and Pickens Counties, Alabama, concerning the
40 determination of allowables for the Holliman 36-10 No. 1 Well (Permit No.

1 11797) and basing said allowable rate on the production tests and production
2 history of the well or any other allowable rate determined by the Board to be
3 appropriate.
4

5 7. DOCKET NO. 6-20-01-1

6 Continued petition by MOON-HINES-TIGRETT OPERATING CO., INC., a
7 foreign corporation authorized to do and doing business in the State of Alabama,
8 requesting the State Oil and Gas Board to enter an order force pooling, with a risk
9 compensation penalty, all tracts and interests in hydrocarbons produced from strata
10 of Mississippian and Pennsylvanian age in the Ogden 17-16 #1 Well, Permit No.
11 10367, to be re-entered and completed on a 320-acre wildcat unit consisting of the
12 East Half of Section 17, Township 15 South, Range 16 West, Lamar County,
13 Alabama. Said well was previously permitted on January 8, 1993 and was
14 subsequently plugged and abandoned.
15

16 This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as
17 amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama
18 Administrative Code.
19

20 8. DOCKET NO. 6-20-01-2

21 Continued petition by JOHN MITCHELL of Louisville, Mississippi, requesting the
22 State Oil and Gas Board to enter an order force pooling, without the imposition of a
23 risk compensation penalty, all tracts and interests in hydrocarbons produced from
24 the Northington #11-9 Well, Permit No. 5147, to be re-entered and completed on a
25 320-acre unit consisting of the East Half of Section 11, Township 12 South, Range
26 16 West, Lamar County, Alabama, in the West Detroit Field. Said well was
27 previously permitted on February 5, 1987 and was subsequently plugged and
28 abandoned.
29

30 This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as
31 amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama
32 Administrative Code.
33

34 9. DOCKET NO. 7-25-01-1

35 Petition by CENTURY EXPLORATION COMPANY, INC., a Delaware
36 corporation, authorized to do and doing business in the State of Alabama,
37 requesting the State Oil and Gas Board of Alabama to enter an Order making
38 permanent its Emergency Order No. E-2001-83, Docket No. 5-30-01-1, reforming
39 the wildcat drilling unit for the D. W. McMillan 31-15 No. 1 Well, Permit No.
40 12049, from a 40-acre wildcat drilling unit consisting of the Southwest Quarter of
41 the Southeast Quarter of Section 31, Township 4 North, Range 10 East, Conecuh

1 County, Alabama, to an exceptional 160-acre wildcat drilling unit consisting of
2 the East Half of the East Half of the Southwest Quarter; the West Half of the
3 Southeast Quarter; and the West Half of the East Half of the Southeast Quarter of
4 said Section 31, Township 4 North, Range 10 East, Conecuh County, Alabama, as
5 an exception to Rule 400-1-2-.02(2) of the State Oil and Gas Board of Alabama
6 Administrative Code. Said Rule requires 160-acre units to consist of a
7 governmental quarter section.

8
9 10. DOCKET NO. 7-25-01-2

10 Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation,
11 requesting the State Oil and Gas Board, pursuant to Section 9-17-1, et seq., Code of
12 Alabama, (1975), and Rule 400-3-4-.17(1) of the State Oil and Gas Board of
13 Alabama Administrative Code, to enter an order extending the temporarily
14 abandoned status for certain coal degasification wells in the Big Sandy Creek Coal
15 Degasification Field located in Tuscaloosa County, Alabama, in the following areas:

16
17 Township 24 North, Range 6 East
18 Sections 10 and 11

19
20 The previously granted temporarily abandoned status expires on July 27, 2001,
21 and Energen Resources Corporation is requesting this Board to grant a one year
22 extension of the temporarily abandoned status beginning July 27, 2001, because
23 all of the wells in the aforementioned Sections have future utility and should not
24 be plugged.

25
26 11. DOCKET NO. 7-25-01-3

27 Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation,
28 requesting the State Oil and Gas Board, pursuant to Section 9-17-1, et seq., Code of
29 Alabama, (1975), and Rule 400-3-4-.17(1) of the State Oil and Gas Board of
30 Alabama Administrative Code, to enter an order extending the temporarily
31 abandoned status for certain coal degasification wells in the Oak Grove Coal
32 Degasification Field located in Tuscaloosa and Jefferson Counties, Alabama, in the
33 following areas:

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

37
38 Township 18 South, Range 8 West
39 Sections 24 and 26

1 14. DOCKET NO. 7-25-01-6

2 Petition by PHILLIPS PETROLEUM COMPANY, a Delaware 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, without the imposition of a risk
5 compensation penalty, all tracts and interests in hydrocarbons produced from the
6 Harris 01-08-154 Well to be drilled on an 80-acre unit consisting of the South Half
7 of the Northeast Quarter of Section 1, Township 18 South, Range 9 West,
8 Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field.

9
10 This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as
11 amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama
12 Administrative Code.

13
14 15. DOCKET NO. 7-25-01-7

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

21

<u>Permit</u> <u>No.</u>	<u>Well Name</u>	<u>Location</u>
22 2357	I. P. C. Unit 2-6 #1	Sec. 2, T2S, R2W
23 2355-B	R. J. Smith 6-10 #1A	Sec. 6, T1S, R1W
24 3650	M. V. Kelly 10-3 #1	Sec. 10, T1S, R2W
25 4255-B	M. V. Kelly 11-1 #1	Sec. 11, T1S, R2W
26 2914	R. L. Smith 12-11 #1	Sec. 12, T1S, R2W
27 2044	J. A. Smith 15-6 #1	Sec. 15, T1S, R2W
28 2584-B	R. E. Davis 1-11 #1	Sec. 1, T1S, R2W
29 2350	Creola Investment 34-7 #1	Sec. 34, T1S, R2W
30 2005-B	Mobile County Board of School Commissioners 16-10 #1	Sec. 16, T1S, R2W
31 2252	Richard W. Rascoe 3-10 #1	Sec. 3, T2S, R2W
32 2062-B-1	I. P. C. 17-7 #1A-B (Formerly I. P. C. 17-11)	Sec. 17, T1S, R2W
33 2525	I. P. C. 13-10 #2	Sec. 13, T1S, R2W
34 4692	Arthur R. Outlaw 34-15 #1	Sec. 34, T1S, R2W

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1 and, granting for one year temporary abandoned status to the two wells listed
2 below in the Chunchula Field Unit, Mobile County, Alabama.

3
4 2642 Wright Turner 3-10 #1 Sec. 3, T1S, R2W
5 2499 I.P.C. 2-10 #1 Sec. 2, T1S, R2W
6

7 This petition is filed pursuant to Rule 400-1-4-.17 of the State Oil and Gas Board
8 of Alabama Administrative Code.
9

10 16. DOCKET NO. 7-25-01-8

11 Petition by EXXON MOBIL CORPORATION, a foreign corporation, authorized to
12 do and doing business in the State of Alabama, requesting the State Oil and Gas
13 Board to enter an order approving an exception to Rule 400-2-4-.09(4) of the State
14 Oil and Gas Board of Alabama Administrative Code pertaining to blow-out
15 prevention equipment and the frequency of testing said equipment for the proposed
16 State Lease 537 (Tract 112) No. 4 Well, Permit No. 12155-OS-85-B, with a surface
17 location 1,362 feet FNL and 1,976 feet FWL of State Tract 112 in the Northwest
18 Gulf-Mobile Area Field, Mobile County, Alabama, as shown on plats entitled "State
19 of Alabama Chart of Submerged State Lands, Oil and Gas Lease Tracts,"
20 Department of Conservation, Engineering Section, dated May 1984, Project No. 2,
21 5-L-27, revised November 15, 1993.
22

23 17. DOCKET NO. 7-25-01-9

24 Petition by ROUNDTREE & ASSOCIATES, INC., a foreign corporation
25 authorized to do and doing business in the State of Alabama, requesting the State
26 Oil and Gas Board to enter an order force pooling, with a risk compensation
27 penalty, all tracts and interests in hydrocarbons produced from formations of
28 Mississippian and Pennsylvanian Age in the Willard McGee 32-4 No. 1 Well,
29 Permit No. 2822, located on a 320-acre unit consisting of the North Half of Section
30 32, Township 16 South, Range 15 West, Lamar County, Alabama, in the McGee
31 Lake Field. Petitioner proposes to re-enter and complete said well.
32

33 This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as
34 amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama
35 Administrative Code.
36

37 18. DOCKET NO. 7-25-01-10

38 Petition by ROUNDTREE & ASSOCIATES, INC., a foreign corporation
39 authorized to do and doing business in the State of Alabama, requesting the State
40 Oil and Gas Board to enter an order force pooling, with a risk compensation
41 penalty, all tracts and interests in hydrocarbons produced from formations of

1 Mississippi and Pennsylvanian Age, excluding the Carter Sand, in the Woodard
2 14-14 No. 1 Well, Permit No. 5553. The proposed unit for said well is a 320-acre
3 wildcat drilling unit consisting of the Southwest Quarter and the West Half of the
4 Southeast Quarter of Section 14, and the East Half of the Southeast Quarter of
5 Section 15, all in Township 14 South, Range 11 West, Fayette County, Alabama.
6 Petitioner proposes to re-enter and complete said well.
7

8 This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as
9 amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama
10 Administrative Code.

11 The petition is filed as a companion to petition bearing Docket No. 7-25-01-11
12 requesting approval of an exceptional 320-acre unit for the above-referenced well.
13

14 19. DOCKET NO. 7-25-01-11

15 Petition by ROUNDTREE & ASSOCIATES, INC., a foreign corporation
16 authorized to do and doing business in the State of Alabama, requesting the State
17 Oil and Gas Board to enter an order approving a 320-acre wildcat drilling unit
18 consisting of the Southwest Quarter and the West Half of the Southeast Quarter of
19 Section 14, and the East Half of the Southeast Quarter of Section 15, all in Township
20 14 South, Range 11 West, Fayette County, Alabama, as an exception to Rule 400-1-
21 2-.02(2)(c) of the State Oil and Gas Board of Alabama Administrative Code. Said
22 rule states, in part, that such a well shall be drilled on a drilling unit consisting of a
23 governmental half section, containing three hundred twenty (320) acres.
24

25 The petition is filed as a companion to petition bearing Docket No. 7-25-01-10
26 requesting the forced pooling, with a risk compensation penalty, all tracts and
27 interests in hydrocarbons produced from formations of Mississippian and
28 Pennsylvanian Age, excluding the Carter Sand, in the Woodard 14-14 No. 1 Well.
29

30 20. DOCKET NO. 7-25-01-12

31 Petition by ROUNDTREE & ASSOCIATES, INC., a foreign corporation
32 authorized to do and doing business in the State of Alabama, requesting the State
33 Oil and Gas Board to enter an order force pooling, without the imposition of a risk
34 compensation penalty, all tracts and interests in hydrocarbons produced from the
35 Northington 11-9 Well, Permit No. 5147, located on a 320-acre unit consisting of the
36 East Half of Section 11, Township 12 South, Range 16 West, Lamar County,
37 Alabama, in the West Detroit Field. Petitioner proposes to re-enter and complete
38 said well.

1 This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as
2 amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama
3 Administrative Code.

4
5 21. DOCKET NO. 7-25-01-13

6 Petition by EL PASO PRODUCTION COMPANY, a foreign corporation
7 authorized to do and doing business in the State of Alabama, requesting the State
8 Oil and Gas Board of Alabama to enter an order naming the Short Creek Coal
9 Degasification Field in Jefferson County, Alabama, and establishing Special Field
10 Rules therefor. The proposed field limits for said field are as follows:

- 11
12 (a) S/2, S/2 NE/4, SE/4 NW/4 Section 36, Township 16 South,
13 Range 5 West;
- 14
15 (b) E/2, E/2 W/2, NW/4 NW/4 Section 1; SW/4, SW/4 SE/4, S/2
16 NW/4, SW/4 NE/4 Section 2; S/2 SE/4, SE/4 SW/4 Section 4;
17 Section 7, less and except the NE/4 NE/4; S/2 S/2, NE/4 SE/4,
18 SE/4 NE/4, Section 8; Sections 9, 10, 11, 12, 13, 14, 15, 16, 17;
19 Section 18, less and except the SW/4 NW/4; Sections 19, 20, 21,
20 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35; N/2 Section
21 36, Township 17 South, Range 5 West;
- 22
23 (c) E/2 SW/4, W/2 SE/4, SW/4 NE/4 Section 11; E/2 NE/4 Section
24 12; S/2 SE/4 Section 13; Section 14, less and except the NW/4
25 NW/4 & E/2 E/2; E/2 SE/4, SE/4 NE/4 Section 15; SE/4, S/2
26 SW/4, SE/4 NE/4 Section 21; S/2, E/2 NE/4, SW/4 NW/4 Section
27 22; Sections 23, 24, 25; Section 26, less and except the S/2 S/2;
28 Sections 27, 28, 29; Township 17 South, Range 6 West;

29
30 All as underlain by the Pottsville Coal Interval, defined as any strata correlative
31 to the Pottsville Coal Interval between the surface and 1480 feet as shown on the
32 density log of the El Paso CLC 29-3-141 well (Permit No. 12078-C), located 964
33 feet from the North line and 1724 feet from the West line, Section 29 Township
34 17 South Range 5 West, Jefferson County, Alabama. Petitioner requests well
35 spacing of either 40-acres consisting of a single governmental quarter-quarter
36 section, or 80 acres consisting of two adjacent quarter-quarters.

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22. DOCKET NOS: 7-25-01-14 through 7-25-01-35
Petitions by GEOMET OPERATING COMPANY, INC., 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 field, to-wit:

Oak Grove Coal Degasification Field
Jefferson County, Alabama

Sections: 7, 18 and 19, T18S, R5W

Sections: 12, 13 and 24, T18S. R6W

Petitioner, GeoMet, avers that 22 wells located in the above described lands produce from coal seams and qualify under Section 107 (c)(3) of the Natural Gas Policy Act of 1978 (NGPA), 15 U.S.C. 3413 which was repealed January 1, 1993. Under Federal Energy Regulatory Commission Order No. 616 issued July 14, 2000, in Docket No. RM00-6-000, the repealed NGPA Section 107 well determination process was reinstated. GeoMet has submitted to the Board petitions for each coal seam gas well located in the above-described coal degasification field and the petitions are available at the State Oil and Gas Board, P.O. Box 869999, Tuscaloosa, Alabama 35486-6999, (205) 349-2852.

23. DOCKET NO. 4-18-01-20
Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend Rules 400-1-2-.05, 400-2-2-.05, and 400-3-2-.05 related to Change of Operator of the State Oil and Gas Board of Alabama Administrative Code to allow the Board to charge a fee of two hundred fifty dollars (\$250) for each application to change the name of the operator of a well. Any person who submits an application to change the name of the operator of a well shall pay to the State Treasurer a fee of two hundred fifty dollars (\$250) for each change. The fee shall be deposited into the Alabama State Oil and Gas Board Special Fund pursuant to Section 9-17-24 of the Code of Alabama (1975). This Motion is proposed pursuant to the Alabama Oil and Gas Conservation statutes, Section 9-17-1, et seq. of the Code of Alabama (1975).

24. DOCKET NO. 7-25-01-36
MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend 400-7-1, Rules and Regulations Governing Practice and Procedure of the State Oil and Gas Board of Alabama Administrative Code related to the preparation and publication of notice, to require, among other things, that petitioners rather than

1 the Board publish notices in newspapers of petitions scheduled for public hearing
2 before the Board. Specifically, the amendments affect the following rules of the
3 State Oil and Gas Board of Alabama Administrative Code: Rule 400-7-1-.05,
4 relating to Commencement of Proceedings; Rule 400-7-1-.11, relating to Notice;
5 and Rule 400-7-1-.12, relating to Preparation of Notice. Organizational changes
6 within Rule 400-7-1, relating to Rules and Regulations Governing Practice and
7 Procedure, will require additional rule numbers to be amended. This Motion is
8 proposed pursuant to the Alabama Oil and Gas Conservation statutes, Section 9-
9 17-1, et seq. of the Code of Alabama (1975). The Board in Order No. 2001-67,
10 issued May 10, 2001, granted this same Motion subject to adoption of these rules
11 under the Administrative Procedure Act. In this Motion the Board proposes final
12 adoption of the rules.
13

14 25. DOCKET NO. 7-25-01-37

15 MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend
16 Rule 400-3-8-.03 related to Protection of Underground Sources of Drinking Water
17 during the Hydraulic Fracturing of Coal Beds of the State Oil and Gas Board of
18 Alabama Administrative Code to allow the Board to charge a fee of one hundred
19 seventy five dollars (\$175) for each proposal to fracture a coal group. Any person
20 who submits a proposal to fracture a coal group shall pay to the State Treasurer a
21 fee of one hundred seventy five dollars (\$175) for each proposal. The fee shall be
22 deposited into the Alabama State Oil and Gas Board Special Fund pursuant to
23 Section 9-17-24 of the Code of Alabama (1975). This Motion is proposed
24 pursuant to the Alabama Oil and Gas Conservation statutes, Section 9-17-1, et
25 seq. of the Code of Alabama (1975). The Board in Order No. 2001-68, issued
26 May 10, 2001, granted this same Motion subject to adoption of this rule under the
27 Administrative procedure Act. In this Motion the Board proposes final adoption
28 of this rule.
29

30 26. DOCKET NO. 7-25-01-38

31 Petition by KAVANAUGH ENERGY SERVICES, INC., a foreign corporation,
32 authorized to do and doing business in the State of Alabama, requesting the State
33 Oil and Gas Board of Alabama to enter an order reforming the unit for the Gulf
34 States Paper #6-7-3 Well, Permit No. 7352-C, from an 80 acre unit consisting of
35 the Southwest Quarter of the Northeast Quarter and the Northwest Quarter of the
36 Southeast Quarter of Section 6, Township 21 South, Range 8 West, Tuscaloosa
37 County, Alabama, to a 40 acre unit consisting of the Southwest Quarter of the
38 Northeast Quarter of said Section 6, in the Holt Coal Degasification Field.

1 DOCKET NO. 7-25-01-14

2 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
3 corporation, requesting the State Oil & Gas Board to enter an order confirming
4 that natural gas produced from the USS-12-11-61, Sec. 12, T18S, R6W, Permit
5 No. 10325-C, is occluded natural gas produced from coal seams in the Oak Grove
6 Coal Degasification Field, Jefferson County, Alabama.

7
8 Petitioner avers that the above described well produces from coal seams and
9 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
10 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

11
12 DOCKET NO. 7-25-01-15

13 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
14 corporation, requesting the State Oil & Gas Board to enter an order confirming
15 that natural gas produced from the USS-13-3-66, Sec. 13, T18S, R6W, Permit No.
16 10326-C, is occluded natural gas produced from coal seams in the Oak Grove
17 Coal Degasification Field, Jefferson County, Alabama.

18
19 Petitioner avers that the above described well produces from coal seams and
20 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
21 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

22
23 DOCKET NO. 7-25-01-16

24 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
25 corporation, requesting the State Oil & Gas Board to enter an order confirming
26 that natural gas produced from the USS-13-2-67, Sec. 13, T18S, R6W, Permit No.
27 10327-C, is occluded natural gas produced from coal seams in the Oak Grove
28 Coal Degasification Field, Jefferson County, Alabama.

29
30 Petitioner avers that the above described well produces from coal seams and
31 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
32 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

33
34 DOCKET NO. 7-25-01-17

35 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
36 corporation, requesting the State Oil & Gas Board to enter an order confirming
37 that natural gas produced from the USS-12-14-64, Sec. 12, T18S, R6W, Permit
38 No. 10328-C, is occluded natural gas produced from coal seams in the Oak Grove
39 Coal Degasification Field, Jefferson County, Alabama.

1 Petitioner avers that the above described well produces from coal seams and
2 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
3 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

4
5 DOCKET NO. 7-25-01-18

6 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
7 corporation, requesting the State Oil & Gas Board to enter an order confirming
8 that natural gas produced from the USS-13-1-68, Sec. 13, T18S, R6W, Permit No.
9 10332-C, is occluded natural gas produced from coal seams in the Oak Grove
10 Coal Degasification Field, Jefferson County, Alabama.

11
12 Petitioner avers that the above described well produces from coal seams and
13 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
14 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

15
16 DOCKET NO. 7-25-01-19

17 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
18 corporation, requesting the State Oil & Gas Board to enter an order confirming
19 that natural gas produced from the USS-7-12-62, Sec. 7, T18S, R5W, Permit No.
20 10333-C, is occluded natural gas produced from coal seams in the Oak Grove
21 Coal Degasification Field, Jefferson County, Alabama.

22
23 Petitioner avers that the above described well produces from coal seams and
24 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
25 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

26
27 DOCKET NO. 7-25-01-20

28 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
29 corporation, requesting the State Oil & Gas Board to enter an order confirming
30 that natural gas produced from the USS-13-6-73, Sec. 13, T18S, R6W, Permit No.
31 10339-C, is occluded natural gas produced from coal seams in the Oak Grove
32 Coal Degasification Field, Jefferson County, Alabama.

33
34 Petitioner avers that the above described well produces from coal seams and
35 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
36 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

37
38 DOCKET NO. 7-25-01-21

39 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
40 corporation, requesting the State Oil & Gas Board to enter an order confirming
41 that natural gas produced from the USS-13-7-72, Sec. 13, T18S, R6W, Permit No.

1 10340-C, is occluded natural gas produced from coal seams in the Oak Grove
2 Coal Degasification Field, Jefferson County, Alabama.
3

4 Petitioner avers that the above described well produces from coal seams and
5 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
6 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.
7

8 DOCKET NO. 7-25-01-22

9 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
10 corporation, requesting the State Oil & Gas Board to enter an order confirming
11 that natural gas produced from the USS-13-11-74, Sec. 13, T18S, R6W, Permit
12 No. 10341-C, is occluded natural gas produced from coal seams in the Oak Grove
13 Coal Degasification Field, Jefferson County, Alabama.
14

15 Petitioner avers that the above described well produces from coal seams and
16 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
17 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.
18

19 DOCKET NO. 7-25-01-23

20 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
21 corporation, requesting the State Oil & Gas Board to enter an order confirming
22 that natural gas produced from the USS-13-14-79, Sec. 13, T18S, R6W, Permit
23 No. 10342-C, is occluded natural gas produced from coal seams in the Oak Grove
24 Coal Degasification Field, Jefferson County, Alabama.
25

26 Petitioner avers that the above described well produces from coal seams and
27 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
28 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.
29

30 DOCKET NO. 7-25-01-24

31 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
32 corporation, requesting the State Oil & Gas Board to enter an order confirming
33 that natural gas produced from the USS-18-4-69, Sec. 18, T18S, R5W, Permit No.
34 10344-C, is occluded natural gas produced from coal seams in the Oak Grove
35 Coal Degasification Field, Jefferson County, Alabama.
36

37 Petitioner avers that the above described well produces from coal seams and
38 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
39 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

1 DOCKET NO. 7-25-01-25

2 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
3 corporation, requesting the State Oil & Gas Board to enter an order confirming
4 that natural gas produced from the USS-18-5-71, Sec. 18, T18S, R5W, Permit No.
5 10345-C, is occluded natural gas produced from coal seams in the Oak Grove
6 Coal Degasification Field, Jefferson County, Alabama.

7
8 Petitioner avers that the above described well produces from coal seams and
9 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
10 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

11
12 DOCKET NO. 7-25-01-26

13 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
14 corporation, requesting the State Oil & Gas Board to enter an order confirming
15 that natural gas produced from the USS-13-10-75, Sec. 13, T18S, R6W, Permit
16 No. 10346-C, is occluded natural gas produced from coal seams in the Oak Grove
17 Coal Degasification Field, Jefferson County, Alabama.

18
19 Petitioner avers that the above described well produces from coal seams and
20 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
21 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

22
23 DOCKET NO. 7-25-01-27

24 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
25 corporation, requesting the State Oil & Gas Board to enter an order confirming
26 that natural gas produced from the USS-13-9-76, Sec. 13, T18S, R6W, Permit No.
27 10347-C, is occluded natural gas produced from coal seams in the Oak Grove
28 Coal Degasification Field, Jefferson County, Alabama.

29
30 Petitioner avers that the above described well produces from coal seams and
31 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
32 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

33
34 DOCKET NO. 7-25-01-28

35 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
36 corporation, requesting the State Oil & Gas Board to enter an order confirming
37 that natural gas produced from the USS-13-15-78, Sec. 13, T18S, R6W, Permit
38 No. 10348-C, is occluded natural gas produced from coal seams in the Oak Grove
39 Coal Degasification Field, Jefferson County, Alabama.

1 Petitioner avers that the above described well produces from coal seams and
2 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
3 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.
4

5 DOCKET NO. 7-25-01-29

6 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
7 corporation, requesting the State Oil & Gas Board to enter an order confirming
8 that natural gas produced from the USS-24-2-80, Sec. 24, T18S, R6W, Permit No.
9 10349-C, is occluded natural gas produced from coal seams in the Oak Grove
10 Coal Degasification Field, Jefferson County, Alabama.
11

12 Petitioner avers that the above described well produces from coal seams and
13 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
14 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.
15

16 DOCKET NO. 7-25-01-30

17 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
18 corporation, requesting the State Oil & Gas Board to enter an order confirming
19 that natural gas produced from the USS-18-3-70, Sec. 18, T18S, R5W, Permit No.
20 10354-C, is occluded natural gas produced from coal seams in the Oak Grove
21 Coal Degasification Field, Jefferson County, Alabama.
22

23 Petitioner avers that the above described well produces from coal seams and
24 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
25 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.
26

27 DOCKET NO. 7-25-01-31

28 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
29 corporation, requesting the State Oil & Gas Board to enter an order confirming
30 that natural gas produced from the USS-18-14-77, Sec. 18, T18S, R5W, Permit
31 No. 10355-C, is occluded natural gas produced from coal seams in the Oak Grove
32 Coal Degasification Field, Jefferson County, Alabama.
33

34 Petitioner avers that the above described well produces from coal seams and
35 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
36 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.
37

38 DOCKET NO. 7-25-01-32

39 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
40 corporation, requesting the State Oil & Gas Board to enter an order confirming
41 that natural gas produced from the USS-19-3-81, Sec. 19, T18S, R5W, Permit No.

1 10356-C, is occluded natural gas produced from coal seams in the Oak Grove
2 Coal Degasification Field, Jefferson County, Alabama.

3
4 Petitioner avers that the above described well produces from coal seams and
5 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
6 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

7
8 DOCKET NO. 7-25-01-33

9 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
10 corporation, requesting the State Oil & Gas Board to enter an order confirming
11 that natural gas produced from the USS-19-5-82, Sec. 19, T18S, R5W, Permit No.
12 10357-C, is occluded natural gas produced from coal seams in the Oak Grove
13 Coal Degasification Field, Jefferson County, Alabama.

14
15 Petitioner avers that the above described well produces from coal seams and
16 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
17 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

18
19 DOCKET NO. 7-25-01-34

20 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
21 corporation, requesting the State Oil & Gas Board to enter an order confirming
22 that natural gas produced from the USS-12-13-65A, Sec. 12, T18S, R6W, Permit
23 No. 10362-C, is occluded natural gas produced from coal seams in the Oak Grove
24 Coal Degasification Field, Jefferson County, Alabama.

25
26 Petitioner avers that the above described well produces from coal seams and
27 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
28 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

29
30 DOCKET NO. 7-25-01-35

31 Petition by GEO-MET OPERATING COMPANY, INC., an Alabama
32 corporation, requesting the State Oil & Gas Board to enter an order confirming
33 that natural gas produced from the USS-12-12-60A, Sec. 12, T18S, R6W, Permit
34 No. 10363-C, is occluded natural gas produced from coal seams in the Oak Grove
35 Coal Degasification Field, Jefferson County, Alabama.

36
37 Petitioner avers that the above described well produces from coal seams and
38 qualifies under Section 107 (c)(3), High Cost Natural Gas, of the Natural Gas
39 Policy Act of 1978 (NGPA), 15 U.S.C. 3413.

1 Members of the public are invited to attend this meeting and to present to
2 the Board their position concerning these matters. If special accommodations are
3 needed to facilitate attendance or participation in the meeting, please call
4 205/349-2852, ext. 211.
5

6 The public is advised that the Board may promulgate orders concerning a
7 petition which may differ from that requested by the petitioner concerning the
8 lands described in the notice. Pursuant to this hearing, Section 9-17-1 et seq. of
9 the Code of Alabama (1975) and the rules and regulations promulgated
10 thereunder, the Board will enter such order or orders as in its judgment may be
11 necessary based upon the evidence presented.
12

13 The State Oil and Gas Board was originally established by Act No. 1 of
14 the Legislature of Alabama in the Regular Session of 1945. The applicable law
15 pertaining to the establishment of the Board now appears in Section 9-17-1 et seq.
16 of the Code of Alabama (1975), as last amended. The applicable rules pertaining
17 to the conduct of hearings by the Board are found in Rule 400-7-1 of the State
18 Oil and Gas Board of Alabama Administrative Code.
19

20 The next meeting of the Board will be held at 10:00 a.m. on Wednesday,
21 August 22, and Friday, August 24, 2001, in the Board Room of the State Oil and
22 Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama. The
23 notices for the August meeting should be filed on or before Monday, July 30,
24 2001. Petitions, exhibits, affidavits, and proposed orders must be filed on or
25 before Wednesday, August 8, 2001. Requests to continue an item or to oppose an
26 item listed on the docket should be received by the Board at least two (2) days
27 prior to the hearing.
28

29 Donald F. Oltz
30 Secretary to the Board
31

32
33
34 DR. OLTZ: At this time the Hearing Officer will make his report to the Board.

35 MR. ROGERS: Mr. Chairman and Mr. Metcalfe, I have a written report of the items
36 heard by the Hearing Officer and the staff on Wednesday, July 25, 2001. Copies of the report

1 are available for members of the public to review and study. I recommend the report be adopted
2 by the Board.

3 MR. METCALFE: Move.

4 CHMN. MCCORQUODALE: Second. All in favor say "aye."

5 (Board members McCorquodale and Metcalfe voted "aye")

6 CHMN. MCCORQUODALE: "Ayes" have it.

7 MR. ROGERS: I recommend the report be made a part of the record.

8 CHMN. MCCORQUODALE: That request is granted.

9 (Whereupon, the report was received in evidence)

10 DR. OLTZ: Mr. Chairman, the staff would recommend approval of the minutes of the
11 following meetings: May 25, 2001, Hearing Officer meeting; May 30, 2001, Board meeting;
12 May 30, 2001, Emergency Board meeting; June 6, 2001, Special Hearing Officer meeting, and
13 June 20, 2001, Special Hearing Officer meeting.

14 MR. METCALFE: Move.

15 CHMN. MCCORQUODALE: Second. All in favor say "aye."

16 (Board members McCorquodale and Metcalfe voted "aye")

17 CHMN. MCCORQUODALE: "Ayes" have it.

18 MR. ROGERS: The following items are set for hearing by the Board: Item 10, Docket
19 No. 7-25-01-2, petition by Energen Resources Corporation; Item 11, Docket No. 7-25-01-3,
20 petition by Energen Resources Corporation; Item 12, Docket No. 7-25-01-4, petition by Phillips
21 Petroleum Company; Item 15, Docket No. 7-25-01-7, petition by Union Oil Company of

1 California; Item 24, Docket No. 7-25-01-36, a motion by the Board relating to publication of
2 notice and Item 25, Docket No. 7-25-01-37, a motion by the Board relating to hydraulic
3 fracturing of coal beds. The first item will be Item 10, Docket No. 7-25-01-2, petition by
4 Energen Resources Corporation.

5 MR. WATSON: Mr. Chairman, with the consent of my witness, Mr. Wallace for
6 Energen, could I be permitted to hear Item 12, petition by Phillips Petroleum. My witness has to
7 be in Mobile for a doctor's appointment this afternoon.

8 CHMN. MCCORQUODALE: We can certainly accommodate that if Mr. Wallace has no
9 objection to that.

10 MR. WATSON: He has no objection. I call as my first witness on Item 12 Mr. Steve
11 Hutchings. Would you stand and be sworn in, please?

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

13 MR. HUTCHINGS: Steve Hutchings, 12035 Lake Nicol Road, Tuscaloosa.

14 (Witness was sworn by Mr. Rogers)

15 MR. WATSON: Mr. Chairman, I have prefiled an affidavit of notice in this matter and
16 would ask that it be admitted into the record.

17 CHMN. MCCORQUODALE: It is admitted.

18 (Whereupon, the affidavit was received in evidence)

19 MR. WATSON: This is a request by Phillips Petroleum to force pool, with imposition of
20 the risk compensation fee, tracts and interests in a unit for the Jernigan 23-13-125 well which

1 will be located on a 40-acre unit consisting of the Southwest Quarter of the Southwest Quarter of
2 Section 23 in the Blue Creek Coal Degasification Field.

3 STEVE HUTCHINGS

4 Appearing as a witness on behalf of Petitioner, Phillips Petroleum Company, testified as
5 follows:

6 DIRECT EXAMINATION

7 Questions by Mr. Watson:

8 Q. Mr. Hutchings, are you familiar with the petition on file here today and with the title as it
9 relates to the force pooling of tracts and interests in this particular unit?

10 A. Yes sir.

11 Q. Tell us what the outstanding unleased ownership is in this 40-acre tract.

12 A. 3.28 net mineral acres.

13 Q. Who owns those 3.28 net mineral acres?

14 A. CD Exploration has 3.08 and Albert Pinson Carpenter, Jr. has 0.2 acres.

15 Q. We have received back from those two entities green cards, have we not?

16 A. That's correct.

17 MR. WATSON: I ask that they be made a part of the record of this hearing, Mr.
18 Chairman.

19 CHMN. MCCORQODALE: They are admitted.

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(Whereupon, the letters with attached green cards were received in evidence)

Q. Mr. Hutchings, does your company, together with other consenting owners, own a majority of the interest in the 40-acre drilling unit that we have just described?

A. Yes, sir.

Q. Have you made a good faith effort to negotiate with each nonconsenting owner to have that owner's interest voluntarily pooled into the unit?

A. Yes sir.

Q. Describe the efforts that have been exerted to try to get these parties to agree.

A. On Albert Pinson Carpenter we have gone back and made contact. Close to two years ago we had just been, for whatever reason, unable to obtain a lease from him. He is receiving royalty out of the old River Gas Black Warrior Field. He is familiar with oil and gas and the seed-heir interest there. CD Exploration, Joey Stephenson with River Gas, now Phillips, has conducted numerous negotiation sessions with CD Exploration and we have been unable to do another acreage swap to get them to lease and/or farm out their interest in the tracts that we have come before the Board over the last year.

Q. CD Exploration is actively involved in the coalbed exploration effort in this county and they are very knowledgeable about what we are asking the Board to do.

A. That's correct.

Q. Mr. Carpenter is a resident of Tecumseh, Missouri. Is that correct?

A. That's correct.

1 Q. You just cannot establish a dialogue with him but he receives your reports.

2 A. He receives the reports. He will not return telephone calls. I have talked to his sister who
3 lives in Virginia and there is very little communication in the family. To this point we
4 have been unable to make any deal or reach an agreement with Mr. Carpenter.

5 Q. So you have notified each nonconsenting owner of record. You have advised them of
6 their interest and you have ascertained their address and you have back the green cards.
7 Did you give each of these nonconsenting owners written notice of the proposed
8 operation, specifying the work to be performed, the proposed location, the proposed
9 depth, the objective formation, and the estimated cost of the proposed operation?

10 A. Yes sir, all that was contained in our letter.

11 Q. Have you offered each nonconsenting owner the opportunity to lease or farm out on
12 reasonable terms or participate in the costs and risks of developing and operating the unit
13 well involved on reasonable terms?

14 A. Yes sir, again that was contained in the letter.

15 Q. Did you notify each nonconsenting owner that if they did not pay their proportionate
16 share of the drilling and completion costs within 30 days after commencement of actual
17 drilling operations or prior to reaching total depth, whichever is earlier, then they should
18 be charged to the tract or interest a risk compensation fee equal to 150 percent of such
19 tract or interest share in the actual and reasonable cost of drilling, reworking, testing,
20 plugging back, or deepening and completing the well?

21 A. Yes.

1 Q. Did you advise the nonconsenting owners that if before commencement of actual drilling
2 operations they provided you with a notarized statement agreeing to pay such costs--then
3 such share of the actual and reasonable cost of drilling, reworking, testing--that they
4 could then pay their cost of the actual drilling, reworking, testing, and plugging back
5 operations?

6 A. Yes sir, again, that was in the letter.

7 Q. Did you advise the nonconsenting owners that if before the commencement of actual
8 drilling operations they provided a notarized statement agreeing to pay such costs that
9 they would not be penalized?

10 A. Yes sir.

11 Q. Would the granting of this petition force pooling, with the imposition of the risk
12 compensation fee, prevent the drilling of unnecessary wells and protect correlative rights?

13 A. Yes sir.

14 MR. WATSON: That's all I have, Mr. Chairman. I tender the witness to the Board and
15 staff for any questions you have.

16 CHMN. MCCORQUODALE: Are there questions from the staff or the Board?

17 STEVE HUTCHINGS

18 EXAMINATION BY BOARD/STAFF

19 Questions by Mr. Metcalfe:

20 Q. In your contact with this individual that you said would not respond, did you have verbal
21 face-to-face contact with him?

1 A. Not face-to-face, no sir. He lives in Missouri and his interest is small.

2 Q. He lives in Missouri now?

3 A. He does. He works in the Branson area, is my understanding.

4 DIRECT EXAMINATION

5 Questions by Mr. Watson:

6 Q. You have talked to him on the telephone?

7 A: Yes.

8 CHMN. MCCORQUODALE: Are there other questions?

9 MR. METCALFE: Mr. Chairman, I move that we grant the petition.

10 CHMN. MCCORQUODALE: Second. All in favor say "aye."

11 (Board members McCorquodale and Metcalfe voted "aye")

12 CHMN. MCCORQUODALE: "Ayes" have it.

13 MR. ROGERS: That brings us back to Item 10, petition by Energen Resources

14 Corporation.

15 MR. WATSON: I have one witness and would like to have him sworn in, please, sir.

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

17 MR. WALLACE: John Wallace, 2540 Old Oak Lane, Birmingham.

18 (Witness was sworn by Mr. Rogers)

19 MR. WATSON: Mr. Chairman, this item comes to you on publication notice but I have

20 prefiled an affidavit of testimony in support of the request for the extension of the temporary

21 abandonment status of two wells in the Big Sandy Creek Coal Degasification Field. That

1 affidavit was prepared and signed by Mr. John Wallace. I would ask that that be admitted to the
2 record. Mr. Wallace is here today to give you some additional information.

3 CHMN. MCCORQUODALE: It is admitted.

4 (Whereupon, the affidavit was received in evidence)

5 JOHN WALLACE

6 Appearing on behalf of Petitioner, Energen Resources Corporation, testified as follows:

7 DIRECT EXAMINATION

8 Questions by Mr. Watson:

9 Q Mr. Wallace, you are familiar with the request to extend the temporary abandonment
10 status of two wells in the Big Sandy Creek Coal Degasification Field, are you not?

11 A. I am.

12 Q. I have handed up to the Board a map which you have in front of you. Would you tell the
13 Board what is shown on that map, please, sir?

14 A. The map includes 80 of the wells within the Big Sandy Field that Energen Resources is
15 the operator of record. You will note that those shown in blue are pumping and
16 producing. Those shown in black have been plugged and abandoned. We have three
17 wells that are currently shut-in as reported on the 15's. We have two wells that have been
18 in a temporarily abandoned status that we are requesting an extension of that. We are in
19 the midst of a study to determine whether we should complete or abandon these two
20 wells. The study should be completed within the next six months. Based on that decision
21 we will go forward with one or the other.

1 Q. In our request, Mr. Wallace, we are asking for the extension of the temporary
2 abandonment status for one year from July 27th. You have just stated that you would
3 know within six months. We propose to get back to the Board with a status report within
4 six months and then go ahead and ask for the one-year extension, but you would have a
5 report within six months?

6 A. That would be perfectly fine.

7 Q. Would the granting of this petition extending the TA status of those two wells prevent
8 waste and promote orderly development?

9 A. Yes it would.

10 MR. WATSON: Mr. Chairman, I would ask that you receive into evidence the exhibit
11 marked Exhibit 1 to the testimony of Mr. Wallace. I tender Mr. Wallace to the Board and staff
12 for any questions you have on this item.

13 CHMN. MCCORQUODALE: The exhibit is admitted.

14 (Whereupon, the exhibit was received in evidence)

15 CHMN. MCCORQUODALE: Are there questions?

16 JOHN WALLACE

17 EXAMINATION BY BOARD/STAFF

18 Questions by Dr. Oltz:

19 Q. Mr. Wallace, did I understand that you will do this evaluation in three months, a report
20 for you will be completed in six months, and you will come back to the Board at a six
21 month period?

1 A. Yes sir, that is correct.

2 Q. Okay, thank you.

3 MR. METCALFE: I move that we grant the petition.

4 CHMN. MCCORQUODALE: Second. All in favor say "aye."

5 (Board members McCorquodale and Metcalfe voted "aye")

6 CHMN. MCCORQUODALE: "Ayes" have it.

7 MR. ROGERS: The next item is Item 11, Docket No. 7-25-01-3, petition by Energen
8 Resources Corporation.

9 MR. WATSON: Same witness on this item. I remind him that he is under oath. Again,
10 this matter comes to you on publication notice but we have prefiled an affidavit of testimony of
11 Mr. Wallace. I would ask that that affidavit of testimony be admitted. We will supplement that
12 affidavit with his testimony.

13 CHMN. MCCORQUODALE: The affidavit is admitted.

14 (Whereupon, the affidavit was received in evidence)

15 JOHN WALLACE

16 Appearing on behalf of Petitioner, Energen Resources Corporation, testified as follows:

17 DIRECT EXAMINATION

18 Questions by Mr. Watson:

19 Q. Mr. Wallace, you are familiar with this petition that the Board has now called for the
20 extension of the temporary abandonment status for wells located in the Oak Grove Coal
21 Degasification Field?

1 A. Yes I am.

2 Q. I hand you the exhibit that we have as Exhibit No. 1. Tell the Board what is shown on
3 that exhibit, please, sir.

4 A. This exhibit represents that portion of the Oak Grove Field--the western portion of the
5 Oak Grove Field in which we operate. Again, the blue representations are those that are
6 producing, black are those that have been plugged and abandoned, green are wells
7 currently shut-in, and the red, which is spread out across this area, represents those for
8 which we have had temporary abandonment status and are requesting an extension of
9 such status.

10 Q. Now, were these wells on this plat, particularly the 19 or so wells represented by the red
11 dots, were these drilled by Energen or were these acquired by your company?

12 A. These wells were acquired as part of a 322 well project. We acquired it from Amoco
13 Production on August 1, 1997.

14 Q. Could you briefly describe the development program that your company has been
15 engaged in relative to these wells that you purchased from Amoco.

16 A. In the past four years we have reworked 110 of the 322 wells we acquired from Amoco,
17 representing slightly more than a third. That program has been highly successful. We
18 have reduced the decline rate on this project to less than .15 of a percent per month.

19 Q. Decline rate meaning the production decline rate has been reduced.

20 A. That is correct. We expect to continue this program over the upcoming 15 months at a
21 rate of about two wells per month. Beyond that we have no reason to think that it will not

1 continue after that point. The subject wells, as you can see, are interspersed among
2 producers. We are attempting to determine from this exploitation program that we have
3 had underway how best to complete these and how to deal with the water production
4 from many of them which has been very high in the past.

5 Q. So, if the Board sees fit to extend the temporary abandonment status for one year for
6 these 19 wells then within that period of time you will have an opportunity to evaluate
7 most, if not all these wells, for their future producibility?

8 A. Yes we will.

9 Q. Since you did not drill and complete these wells, I assume it takes more time to evaluate,
10 to rework, and determine what you are going to do with these wells than if you had from
11 the outset drilled the wells and completed the wells. Is that a fair statement?

12 A. It is a fair statement. The staff is familiar. Well files are well files but they are not
13 always complete. Attempting to define exactly what was done to some of these wells has
14 been difficult. At the same time, as we produce in the area and learn more about the
15 specific reservoir characteristics in that area it allows us to make better decisions on what
16 to do with these wells.

17 Q. Would it be fair to say, Mr. Wallace, that Energen has had a very aggressive program in
18 concert with the Board's directives to, on a timely basis, either put wells in production or
19 plug those wells and get them out of the system?

1 A. In my mind it would be very fair to say that. At the time of this acquisition we had 264
2 wells in temporarily abandoned status. As of today, with two wells in the Big Sandy
3 Field and these 19, we are down to 21, a reduction of 90 percent over four years.

4 Q. We'll stand on that record as being as diligent as we can be and continue to produce gas
5 and to reduce decline curves and try to keep our gas production up to protect not only the
6 working interest but the royalty interest owners, will we not?

7 A. It will. I would point out that each of the wells on this docket are owned by large
8 organizations to which we are paying substantial royalties from this project and we have
9 not had any requests from these royalty owners to do anything about this deferral of
10 production of these wells.

11 Q. I assume since the prefix of these wells is USX that this is US Steel-USX Corporation's
12 mineral that we are developing.

13 A. Most of it is USX mineral. You will notice the University of Alabama and I believe there
14 is one Wesley West.

15 Q. Our royalty owners are satisfied with our performance and hope after this presentation
16 that the Board will be satisfied enough to extend this TA status for an additional year.

17 MR. WATSON: I ask, Mr. Chairman, that you receive into evidence the exhibit that Mr.
18 Wallace has just testified to.

19 CHMN. MCCORQUODALE: It is admitted.

20 (Whereupon, the exhibit was received in evidence)

1 Q. Will the granting of this petition promote orderly development and prevent waste, Mr.
2 Wallace?

3 A. It will.

4 MR. WATSON: That's all I have. I tender Mr. Wallace to the Board and staff for
5 questions.

6 CHMN. MCCORQUODALE: Are there questions?

7 JOHN WALLACE

8 EXAMINATION BY BOARD/STAFF

9 Questions by Mr. Rogers:

10 Q. Mr. Wallace, I assume from what you said then that you have maintained all the leases or
11 have some contractual right with all the mineral owners on these wells?

12 A. We do.

13 MR. METCALFE: Mr. Chairman, I move approval.

14 CHMN. MCCORQUODALE: Second. All in favor say "aye."

15 (Board members McCorquodale and Metcalfe voted "aye")

16 CHMN. MCCORQUODALE: "Ayes" have it.

17 MR. WATSON: Thank you, Mr. Chairman.

18 MR. ROGERS: The next item is Item 15, Docket No. 7-25-01-7, petition by Union Oil
19 Company of California.

20 MR. WATSON: Mr. Chairman, there has been prefiled an affidavit of testimony of
21 Michael M. Gable relative to the Union well, the temporary abandonment status of the Wright

1 Turner 3-10 No. 1 Well. I would ask that that affidavit be made a part of the record of this
2 hearing and that you approve the request for temporary abandonment status.

3 CHMN. MCCORQUODALE: The affidavit is admitted.

4 (Whereupon, the affidavit was received in evidence)

5 CHMN. MCCORQUODALE: Dr. Oltz, have you and the staff had an opportunity to
6 review the affidavit?

7 DR. OLTZ: Yes, Mr. Chairman, we have reviewed it and we would recommend that this
8 be adopted.

9 MR. METCALFE: So move.

10 CHMN. MCCORQUODALE: Second. All in favor say "aye."

11 (Board members McCorquodale and Metcalfe voted "aye")

12 CHMN. MCCORQUODALE: "Ayes" have it.

13 MR. ROGERS: The next item then is Item 24, Docket No. 7-25-01-36, a motion by the
14 Board to amend Rule 400-7-1 related to the preparation and publication of notice to require,
15 among other things, that Petitioners, rather than the Board, publish notice in newspapers of
16 petitions scheduled for public hearing before the Board. This rule was previously approved by
17 the Board or this amendment was previously approved by the Board in Order No. 2001-67,
18 Docket No. 4-18-01-18A, subject to adoption of the rule under the Alabama Administrative
19 Procedure Act. We would request that a copy of the proposed rule be admitted into the record.

20 CHMN. MCCORQUODALE: That request is granted.

21 (Whereupon, Rule 400-7-1 was received in evidence)

1 CHMN. MCCORQUODALE: Are there any comments about the proposed rule?

2 MR. METCALFE: Move approval.

3 CHMN. MCCORQUODALE: Second. All in favor say "aye."

4 (Board members McCorquodale and Metcalfe voted "aye")

5 CHMN. MCCORQUODALE: "Ayes" have it. The rule is adopted.

6 MR. ROGERS: We would also recommend that the record in that prior docket number
7 be admitted.

8 CHMN. MCCORQUODALE: The record is admitted.

9 (Whereupon, the prior record of Docket No.

10 4-18-01-18A was incorporated by reference)

11 MR. ROGERS: The next item then is Item 25, Docket No. 7-25-01-37, a motion by the
12 Board to amend Rule 400-3-8-.01 relating to protection of underground sources of drinking
13 water during the hydraulic fracturing of coal beds to allow the State Oil and Gas Board to charge
14 a fee of \$175 for each proposal. This rule was previously approved or this amendment was
15 previously approved by the Board in Order No. 2001-68, Docket No. 4-18-01-19A, subject to the
16 adoption of the rule under the Alabama Administrative Procedure Act. We will request that a
17 copy of the rule be admitted into the record.

18 CHMN. MCCORQUODALE: That request is granted.

19 (Whereupon, Rule 400-3-8-.01 was received in evidence)

20 MR. ROGERS: We would recommend that the Board incorporate into this record the
21 prior record in Docket No. 4-18-01-19A.

1 CHMN. MCCORQUODALE: That request is also granted.

2 (Whereupon, prior record of Docket No.

3 4-18-01-19A was incorporated by reference)

4 CHMN. MCCORQUODALE: Are there any comments about the rule?

5 MR. METCALFE: Move approval.

6 CHMN. MCCORQUODALE: Second. All in favor say "aye."

7 (Board members McCorquodale and Metcalfe voted "aye")

8 CHMN. MCCORQUODALE: "Ayes" have it. The rule is adopted.

9 MR. ROGERS: That is all to be heard today, Mr. Chairman.

10 CHMN. MCCORQUODALE: We stand adjourned.

11 (Whereupon, the hearing was adjourned at 10:27 a.m.)

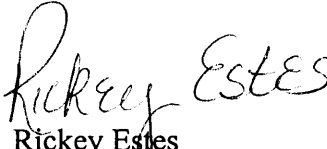
1 REPORTER'S CERTIFICATE

2
3
4
5 STATE OF ALABAMA

6 COUNTY OF TUSCALOOSA
7

8 I, Rickey Estes, Hearing Reporter in and for the State of Alabama, do hereby certify that
9 on Friday, July 27, 2001, in the Board Room of the State Oil and Gas Board Building, University
10 of Alabama campus, Tuscaloosa, Alabama, I reported the proceedings before the State Oil and
11 Gas Board in Regular Session; that the foregoing 39 typewritten pages contain a true and
12 accurate verbatim transcription of said proceedings to the best of my ability, skill, knowledge,
13 and belief.

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

16 
17 Rickey Estes
18 Hearing Reporter
19 State of Alabama