

OCTOBER 31, 2001

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	DIRECT/ RE-DIRECT	CROSS/ RE-CROSS	EXAM. BY BOARD/STAFF
1. Rex Wilkinson	27-30	---	---

12-6-01
M2C6

12-18-01
MR

EXHIBITS

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Board Exhibit	Hearing Officer Order	12	12
Exhibit 1(1-2) (Item 2)	Affidavit of testimony (Robert T. Wood)	14	14
Exhibit 1 (Item 2)	Well location plat, Chevron 04-16-142, Blue Creek Coal Degas. Field (Robert Wood)	14	14
Exhibit 2 (Item 2)	Form OGB-2, Chevron 04-16-142 Well, Blue Creek Coal Degas. Field (Robert Wood)	14	14
Exhibit 3 (Item 2)	9/19/01 letter to Chevron (Steven M. Hutchings)	14	14
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Exhibit 2 (Item 3)	Well location plat Paramount-Griffin 26-8 #1, Chappell Hill Field (Robert Schneeflock)	16	17
Exhibit 3 (Item 3)	Affidavit of notice (William T. Watson)	16	16
Exhibit 1 (Item 4)	Affidavit of testimony (Wayne K. Idol)	17	18

EXHIBITS

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Exhibit 2 (Item 4)	Proof of publication (The Choctaw Advocate)	17	17
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Exhibit 1 (Item 8)	Affidavit of testimony (John D. Herlihy)	21	21
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Exhibit A (Item 10)	Listing of TA wells in South Carlton Field operated by LaTex (S. Collins)	22	22
Exhibit 1 (Item 11)	Affidavit of testimony (J. David Hilton)	23	23

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EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit A (Item 11)	Well location plat ATIC 10-11 No. 1 Well, Sec. 10, T3N, R7E, Escambia County, Alabama (J. David Hilton)	23	23
Exhibit 2 (Item 11)	Affidavit of notice (William T. Watson)	23	23
Exhibit 3 (Item 11)	Proof of publication (The Tri-City Ledger)	23	23
Exhibit 1 (Item 12)	Affidavit of testimony (Steven M. Hutchings)	24	24
Exhibit 2 (Item 12)	Affidavit of notice (William T. Watson)	24	24
Exhibit 3 (Item 12)	Proof of publication (The Tuscaloosa News)	24	24
Exhibit 1(1-2) (Item 13)	Affidavit of testimony (R. G. Sanders)	24	25
Exhibit 1 (Item 13)	Well location plat, 80-acre unit of JWR 31-1-311 Brookwood Coal Degas. Field (R. G. Sanders)	24	25
Exhibit 2 (Item 13)	Well location plat, 40-acre unit of JWR 31-1-311 Brookwood Coal Degas. Field (R. G. Sanders)	24	25

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 3 (Item 13)	Affidavit of notice (William T. Watson)	24	25
Exhibit 4 (Item 13)	10/18/01 letter to Jim Walter Resources, Inc. (William T. Watson)	24	25
Exhibit 5 (Item 13)	Copy of proof of publication (The Tuscaloosa News)	24	25
Exhibit 1 (Item 14)	Affidavit of testimony (Joseph F. Smith, Jr.)	25	25
Exhibit 2 (Item 14)	Proof of publication (The Mobile Register)	25	25
Exhibit 1 (Item 18)	Well location plat, McDonald 28-3 Sec. 28, T12S, R13W, Marion County, AL (Rex Wilkinson)	30	30
Exhibit 2 (Item 18)	Unit map, McDonald 28-3 Sec. 28, T12S, R13W, Marion County, AL (Rex Wilkinson)	30	30
Exhibit 3 (Item 18)	Structure map, top Lewis sand, McDonald 28-3 Sec. 28, T12S, R13W, Marion County, AL (Rex Wilkinson)	30	30

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 4 (Item 18)	Isopach map, Lewis sand thickness McDonald 28-3 Sec. 28, T12S, R13W, Marion County, AL (Rex Wilkinson)	30	30
Exhibit 5 (Item 18)	Well location map, McDonald 28-3 Sec. 28, T12S, R13W, Marion County, AL (Rex Wilkinson)	30	30
Exhibit 6 (Item 18)	Proof of publication (Journal Record)	26	26

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EXHIBITS

(INCORPORATED BY REFERENCE)

DESCRIPTION	OFFERED	RECEIVED
Prior record related to Order No. 2001-47 and Order No. E-2001-161	16	17

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

October 31, 2001

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 31st day of October, 2001.

BEFORE:

Mr. Marvin Rogers..... Attorney

BOARD STAFF

Mr. Gary Wilson Deputy Director

Dr. David Bolin.....Assistant Supervisor

Ms. Janyth PashinAssistant Supervisor

Mr. Richard Hamilton..... Engineer

Mr. Frank Hinkle Geologist

Mr. Thomas Sexton..... Geologist

OCTOBER 31, 2001

APPEARANCES

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14

NAME	REPRESENTING
1. Mark Scogin Tuscaloosa, AL	Herliby
2. Tom Watson Tuscaloosa, AL	_____
3. Steve Hutchings Mobile, AL	Phillips Petroleum Corp.
4. John Tyra Tuscaloosa, AL	Evans/LaLatex

OCTOBER 31, 2001

(The hearing was convened at 10:03 a.m.
on Wednesday, October 31, 2001, at Tuscaloosa, Alabama.)

MR. ROGERS: This hearing is in session. Mr. Wilson is acting State Geologist today.

Mr. Wilson, have the items to be heard today been properly noticed?

MR. WILSON: The items to be heard today have been properly noticed. An agenda of
today's meeting has been transmitted to the recording secretary.

AGENDA
STATE OIL AND GAS BOARD MEETING
OCTOBER 31 & NOVEMBER 2, 2001

The State Oil and Gas Board of Alabama will hold its regular monthly meeting at 10:00 a.m. on Wednesday, October 31, and Friday, November 2, 2001, in the Board Room of the State Oil and Gas Board, Walter B. Jones Hall, University of Alabama Campus, 420 Hackberry Lane, Tuscaloosa, Alabama, to consider among other items, the following petition(s):

1. DOCKET NO. 8-22-01-4

Continued petition by MOON-HINES-TIGRETT OPERATING CO., INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to amend Rule 8 of the Special Field Rules for the County Line Field, Lamar and Pickens Counties, Alabama so that any gas well producing formation water from the well will be exempt from the requirement that the well must be shut-in for a subsurface pressure measurement. Petitioner contends that shutting a well in for such measurement when water is being produced could damage the future ability of the well to produce at a maximum efficient rate and could result in waste.

Petitioner also proposes to amend Rule 8 in order to establish an allowable for wells that are producing water and gas.

2. DOCKET NO. 9-26-01-3

Continued petition by PHILLIPS PETROLEUM COMPANY, a Delaware corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order reforming the unit for the Chevron 04-16-142 Well, Permit No. 11892-C, from a 40-acre unit consisting of the Southeast Quarter of the Southeast Quarter of Section 4, Township 18 South, Range 9 West, Tuscaloosa County, Alabama in the Blue Creek Coal Degasification Field, to an 80-acre unit consisting of the East Half of the Southeast Quarter of said Section 4.

3. DOCKET NO. 9-26-01-8

Continued petition by CEDARHILL OPERATING CO., L.L.C., an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced from the Paramount-Guffin 26-8 No. 1 Well to be drilled on a 120-acre unit in the Chappell Hill Field, Choctaw County, Alabama described as follows:

Beginning at the Southeast corner of the Southwest Quarter of the Northwest Quarter of Section 25, Township 11 North, Range 3 West, Choctaw County, Alabama; Run thence Northerly along the East line of said Southwest Quarter of the Northwest Quarter for 1056.6 feet; run thence Westerly and parallel to the North line of said Southwest Quarter of the Northwest Quarter for 1323.6 feet, more or less; run thence Westerly and parallel to the North line of the Southeast Quarter of the Northeast Quarter and the Southwest Quarter of the Northeast Quarter of Section 26, Township 11 North, Range 3 West, Choctaw County, Alabama for 2600.2 feet, more or less; run thence Southerly along the West line of the Southwest Quarter of the Northeast Quarter and the Northwest Quarter of the Southeast Quarter of said Section 26 for 1388.7 feet; run thence Easterly along the South line of the North Half of the North Half of the Northwest Quarter of the Southeast Quarter and the North Half of the North Half of the Northeast Quarter of the Southeast Quarter of said Section 26 for 2602.8 feet, more or less, run thence Easterly along the South line of the North Half of the Northwest Quarter of the Northwest Quarter of the Southwest Quarter of said Section 25 for 661.8 feet, more or less; run thence Northerly along the East line of said North Half of the Northwest Quarter of the Northwest Quarter of the Southwest Quarter for 329.0 feet, more or less; run thence Easterly along the South line of the Southwest Quarter of the Northwest Quarter of said Section 25 for 661.8 feet, more or less to the point of beginning.

1 The above described unit is situated in Sections 25 & 26, Township 11 North, Range
2 3 West, Choctaw County, Alabama and contains 120.00 acres.

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

7
8 The above-described 120-acre unit was previously forced pooled, without the
9 imposition of a risk compensation penalty, by Order No. 2001-47, issued on March
10 29, 2001, and said Order will expire on September 29, 2001.

11
12 4. DOCKET NO. 9-26-01-9

13 Continued petition by EXXON MOBIL CORPORATION, a foreign corporation
14 authorized to do and doing business in the State of Alabama, requesting the State Oil
15 and Gas Board to enter an order extending the temporary abandonment status of the
16 T.R. Miller Mill - State Line Oil Trust 31-3 No. 1 Well, Permit No. 1776, located in
17 Section 31, Township 1 North, Range 9 East, in the Jay-Little Escambia Creek Unit,
18 Escambia County, Alabama. Petitioner is requesting that the temporary
19 abandonment status for said well be extended for one (1) year from September 28,
20 2001, or until the next regular hearing of the State Oil and Gas Board following the
21 expiration of one (1) year, in accordance with Rule 400-1-4-.17(1) of the State Oil
22 and Gas Board of Alabama Administrative Code.

23
24 5. DOCKET NO. 9-26-01-11

25 Continued petition by EL PASO PRODUCTION COMPANY, a foreign
26 corporation authorized to do and doing business in the State of Alabama,
27 requesting the State Oil and Gas Board of Alabama to enter an order reforming
28 the unit for the El Paso Production Company - Holman et al. 33-01-97 Well,
29 Permit No. 12089-C, in the Blue Creek Coal Degasification Field, Tuscaloosa
30 County, Alabama, from an 80-acre unit consisting of the Northeast Quarter of the
31 Northeast Quarter of Section 33, and the Northwest Quarter of the Northwest
32 Quarter of Section 34, Township 18 South, Range 9 West, to a 40-acre unit
33 consisting of the Northeast Quarter of the Northeast Quarter of said Section 33,
34 Township 18 South, Range 9 West, Tuscaloosa County, Alabama.

35
36 6. DOCKET NO. 10-31-01-1

37 Petition by POLLARD OPERATING, LLC, a Mississippi limited liability
38 company, authorized to do business in the State of Alabama, requesting the State
39 Oil and Gas Board to enter an order classifying the Cedar Creek Land and Timber
40 Co. 12-9 #1, Permit No. 8685, located in Section 12, Township 1 North, Range 8
41 East, in Oaska Field, Escambia County, Alabama, as temporarily abandoned for a
42 period of one (1) year in accordance with Rule 400-1-4-.17 of the State Oil and

1 Gas Board of Alabama Administrative Code because said well has future utility.
2 The well is a part of the operations of Pollard Operating, LLC in Osaka Field,
3 Escambia County, Alabama. Petitioner avers the well should not be plugged.

4
5 7. DOCKET NO. 10-31-01-2

6 Petition by FOSHEE OPERATING, LLC, a Mississippi limited liability
7 company, authorized to do business in the State of Alabama, requesting the State
8 Oil and Gas Board to enter an order classifying certain wells in Sections 34 and
9 35, Township 2 North, Range 8 East, in the Foshee Field, Escambia County,
10 Alabama, as temporarily abandoned for a period of one (1) year in accordance
11 with Rule 400-1-4-.17 of the State Oil and Gas Board of Alabama Administrative
12 Code because all of the wells have future utility. The wells are a part of the
13 operations of Foshee Operating, LLC in Foshee Field, Escambia County,
14 Alabama, and Petitioner avers the wells should not be plugged.

15
16 8. DOCKET NO. 10-31-01-3

17 Petition by FOSHEE OPERATING, LLC, a Mississippi limited liability
18 company, authorized to do business in the State of Alabama, requesting the State
19 Oil and Gas Board to enter an order classifying certain wells in Sections 32 and
20 33, Township 2 North, Range 8 East, in the West Foshee Field, Escambia County,
21 Alabama, as temporarily abandoned for a period of one (1) year in accordance
22 with Rule 400-1-4-.17 of the State Oil and Gas Board of Alabama Administrative
23 Code because all of the wells have future utility. The wells are a part of the
24 operations of Foshee Operating, LLC in West Foshee Field, Escambia County,
25 Alabama, and Petitioner avers the wells should not be plugged.

26
27 9. DOCKET NO. 10-31-01-4

28 Petition by S. LAVON EVANS, JR. OPERATING COMPANY, INC., a foreign
29 corporation, authorized to do and doing business in the State of Alabama,
30 requesting the State Oil and Gas Board to enter an order force pooling, without
31 the imposition of a risk compensation penalty, all tracts and interests in
32 hydrocarbons produced in the Graham 12-5 No. 1 Well to be drilled on a 320-acre
33 unit consisting of the West Half of Section 12, Township 15 South, Range 15 West,
34 Lamar County, Alabama, in the Southeast Watson Creek Field.

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

10. DOCKET NO. 10-31-01-5

Petition by LATEX PETROLEUM CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board, pursuant to Section 9-17-1, et seq. Code of Alabama, (1975), and Rule 400-1-4-.17 of the State Oil and Gas Board of Alabama Administrative Code, to enter an order extending the temporarily abandoned status for certain wells in the South Carlton Field, Clarke County, Alabama, in the following areas:

Township 3 North, Range 2 East
Sections 2, 3, 10, 11 and 16

The previously granted temporarily abandoned status expires on November 2, 2001, and LaTex Petroleum Corporation is requesting this Board to grant a one-year extension of the temporarily abandoned status beginning November 2, 2001, because all of the wells in the aforementioned Sections have future utility and should not be plugged.

11. DOCKET NO. 10-31-01-6

Petition by PRUET PRODUCTION CO., 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 granting an exception to Rule 400-1-2-.02(2)(a) of the State Oil and Gas Board of Alabama Administrative Code for an exceptional location for the ATIC 10-11 #1 Well, Permit No. 12226. The said well is located on a 40-acre Norphlet wildcat drilling unit in Escambia County, Alabama described as follows:

Commencing at the SW corner of Section 10, Township 3 North, Range 7 East, Escambia County, Alabama; Run thence northerly along the west line of said Section 10 for 2,150 feet; thence easterly along the north line of the drilling unit now assigned to Pruet Production Co. ATIC 10-13 No. 1 Well, Permit No. 10956, for 1,575.0 feet to the point of beginning; Continue thence easterly for 1,320.0 feet; thence southerly and parallel to the east line of said ATIC 10-13 No. 1 Unit for 1,320 feet; thence westerly and perpendicularly to said unit for 1,320.0 feet; thence northerly along the east line of said unit for 1,320.0 feet to the point of beginning The above described drilling unit is situated in Section 10, Township 3 North, Range 7 East, Escambia County, Alabama and contains 40.0 acres

Petitioner is requesting approval of an exceptional location no closer than 238 feet from the North line of the 40-acre Norphlet wildcat drilling unit hereinabove described for said well.

This request was previously approved by the Board in Emergency Order No. E-2001-160, issued on September 28, 2001.

12. DOCKET NO. 10-31-01-7

Petition by PHILLIPS PETROLEUM COMPANY, a Delaware corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced from the Hassinger 17-12-195 Well to be drilled on a 40-acre unit consisting of the Northwest Quarter of the Southwest 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.

13. DOCKET NO. 10-31-01-8

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the JWR 31-3-311 Well, Permit No. 12255-C, from an 80-acre unit consisting of the East Half of the Northwest Quarter of Section 31, Township 20 South, Range 7 West, Tuscaloosa County, Alabama in the Brookwood Coal Degasification Field, to a 40-acre unit consisting of the Northeast Quarter of the Northwest Quarter of Section 31, Township 20 South, Range 7 West, Tuscaloosa County, Alabama.

14. DOCKET NO. 10-31-01-9

Petition by FOUR STAR OIL & GAS COMPANY, a subsidiary of Texaco 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 extending the temporarily abandoned status for the following described well in Mobile County, Alabama, in the Hatter's Pond Unit, in accordance with Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code:

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

The previous temporarily abandoned status for this well expires on November 2, 2001, and Petitioner requests the Board to grant a one year extension beginning November 2, 2001, because said well has future utility and should not be plugged.

15. DOCKET NO. 10-31-01-10

Petition by NAUVOO, L.L.C., an Alabama limited liability company authorized to do and doing business in the State of Alabama, requesting State Oil and Gas Board to enter an order approving an exceptional location for the proposed Krupinski 31-8 No. 1 Well, which is to be permitted, drilled and completed as a producing well on the following described unit consisting of the Northeast Quarter of Section 31, Township 7 South, Range 4 East, containing 160 acres, more or less, in the Foley Field, Baldwin County, Alabama. Said Well to be located 2330' south of the north section line and 330' west of the east section line. 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.

16. DOCKET NO. 10-31-01-11

Petition by NAUVOO, L.L.C., an Alabama limited liability company authorized to do and doing business in the State of Alabama, requesting State Oil and Gas Board to enter an order force pooling, without a risk compensation penalty, all tracts and interests in hydrocarbons produced from formations of Miocene age from the proposed Flowers-Stewart 18-8 No. 1 Well, which is to be permitted, drilled and completed as a producing well on the following described unit consisting of the Northeast Quarter of Section 18, Township 8 South Range 4 East, containing 160 acres, more or less, in the Pleasant View Field, Baldwin County, Alabama. Said Well to be located 1691' south of the north section line and 1135' west of the east section line. 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.

17. DOCKET NO. 10-31-01-12

Petition by EXXON MOBIL CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order in accordance with the terms and conditions of Rules 400-1-7-01 and 400-2-6-.10(4)(b) of the State Oil and Gas Board of Alabama Administrative Code approving the installation of bi-directional piping and metering connections for the installation of approved meters to the inlet pipelines of its Mary Ann Treating Facility, Mobile 823 Treating Facility and the Onshore Treating Facility in order to allow production from Petitioner's offshore leases to be treated in any of these three (3) ExxonMobil operated onshore facilities located in Coden, Mobile County, Alabama. Petitioner's initial pipeline installation will include one 12-inch gas pipeline, one 8-inch gas pipeline, one 6-inch liquid pipeline, one 4-inch liquid pipeline and one 4-inch utility line, each approximately 1000 feet in length. The installation of such pipelines will afford Petitioner greater flexibility in directing

1 flow in order to best utilize plant capacity, meet operational needs, and maximize the
2 production of Alabama's offshore hydrocarbon resources.

3
4 18. DOCKET NO. 10-31-01-13

5 Petition by S. LAVON EVANS, JR. OPERATING COMPANY, INC., a foreign
6 corporation, authorized to do and doing business in the State of Alabama,
7 requesting the State Oil and Gas Board to enter an order approving an exceptional
8 location for the McDonald 28-3 No. 1 Well to be drilled on a 160-acre wildcat
9 drilling unit consisting of the Northwest Quarter of Section 28, Township 12
10 South, Range 13 West, Marion County, Alabama. The proposed location for said
11 well is 550 feet FNL and no closer than 660 feet FEL of said Unit. Such location is
12 an exception to Rule 400-1-2-.2(b) of the State Oil and Gas Board of Alabama
13 Administrative Code which states, in part, that such a well shall be located at least
14 660 feet from every exterior boundary of the drilling unit.

15
16 19. DOCKET NO. 10-31-01-14

17 Petition by S. LAVON EVANS, JR., OPERATING CO., INC., a foreign
18 corporation authorized to do and doing business in the State of Alabama,
19 requesting the State Oil and Gas Board to enter an order force pooling, with a risk
20 compensation penalty, all tracts and interests in hydrocarbons produced from
21 formations of Mississippian and Pennsylvanian Age, in Petitioner's proposed
22 Champion 21-14 No. 1 Well to be drilled on a 160-acre unit consisting of the
23 Southwest Quarter of Section 21, Township 12 South, Range 13 West, Marion
24 County, Alabama, as a wildcat well.

25
26 This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as
27 amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama
28 Administrative Code.

29
30 20. DOCKET NO. 10-31-01-15

31 Petition by EL PASO PRODUCTION COMPANY, 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 force pooling, without imposition
34 of the risk compensation fee, all tracts and interests in hydrocarbons produced
35 from the El Paso Production Company - Cheney 16-13-291 Well, Permit No.
36 11638-C, in the White Oak Creek Coal Degasification Field, Walker County,
37 Alabama, located on an 80-acre unit consisting of the Southwest Quarter of the
38 Southwest Quarter of Section 16, and the Southeast Quarter of the Southeast
39 Quarter of Section 17, Township 18 South, Range 9 West, Walker County,
40 Alabama.

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. 10-31-01-16

6 Petition by ALABAMA MERIT ENERGY COMPANY, INC., a foreign
7 corporation, authorized to do and doing business in the State of Alabama,
8 requesting the State Oil and Gas Board of Alabama to enter an order extending
9 the temporarily abandoned status of certain wells and Class II injection well
10 permits located in the Citronelle Field, Mobile County, Alabama, in the following
11 areas:

12
13 **Citronelle Unit**

14 Township 2 North, Range 3 West
15 Sections 23, 24, 25, 26, 27, 28, 34, 35

16
17 Township 2 North, Range 2 West
18 Sections 19, 20, 29, 30, 31

19
20 Township 1 North, Range 3 West
21 Sections 1, 2, 3, 11, 12, 13, 14

22
23 Township 1 North, Range 2 West
24 Sections 5, 6, 7, 8, 9, 16, 17, 18

25
26 **Southeast Citronelle Unit**

27 Township 1 North, Range 2 West
28 Sections 4, 5, 9, 10

29
30 **East Citronelle Unit**

31 Township 1 North, Range 2 West
32 Sections 6

33
34 Township 2 North, Range 2 West
35 Sections 31 and 32

36
37 Petitioner is requesting the Board to extend the temporarily abandoned status and
38 Class II injection well permits of certain wells for a period of one year pursuant to
39 Rule 400-1-4-.17 and Rule 400-4-2-.01(5) of the State Oil and Gas Board
40 Administrative Code because said wells have potential for future utility.

1 22. DOCKET NO. 10-31-01-17

2 Petition by TEPCO RESOURCES INCORPORATED, authorized to do and doing
3 business in the State of Alabama, requesting the State Oil and Gas Board to enter
4 an order approving an exception to Rule 3 (a) of the Special Field Rules for the
5 South Vocation Field in order to permit the drilling of a 160-acre drilling unit
6 consisting of the South Half of the Northeast Quarter and the North Half of the
7 Southeast Quarter of Section 34, Township 4 North, Range 6 East, Monroe
8 County, Alabama. Rule 3 (a) states that wells in the South Vocation Field must
9 be drilled on a drilling unit consisting of a governmental quarter section
10 containing approximately 160 surface acres and the above described 160-acre
11 drilling unit would be an exception to said Rule.

12
13 23. DOCKET NO. 9-26-01-20

14 Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA
15 to amend Rule 400-7-2-.01 related to Forced Integration or Forced Pooling of the
16 State Oil and Gas Board of Alabama Administrative Code to clarify language
17 related to expiration of Forced Integration or Forced Pooling Orders.

18
19 24. DOCKET NO. 10-31-01-18

20 MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend
21 Rule 4 of the Special Field Rules of the Citronelle Field, Mobile County,
22 Alabama, related to Drilling, Completion, and Plugging Operations.

23
24
25 The meetings of the State Oil and Gas Board are public meetings, and
26 members of the public are invited to attend and present their position concerning
27 this petition(s). Requests to continue or oppose a petition should be received by
28 the Board at least two (2) days prior to the hearing. For additional information,
29 you may contact the State Oil and Gas Board, P. O Box 869999, Tuscaloosa,
30 Alabama 35486-6999, Telephone Number 205/349-2852, Fax Number 205/349-
31 2861, or by email at petitions@ogb.state.al.us.

32
33
34 MR. ROGERS: I have an Order of the State Oil and Gas Board appointing me as

35 Hearing Officer to conduct this hearing on behalf of the Board. The Order will be made a part of
36 the record at this time.

37 (Whereupon, the Order was received in evidence)

OCTOBER 31, 2001

1 MR. ROGERS: The procedure for the meeting is as follows: The Hearing Officer and
2 the staff will hear the uncontested items on the docket today and certain other items. The State
3 Oil and Gas Board will hear the recommendation of the Hearing Officer, contested items, and
4 certain other items beginning at 10:00 a.m. on Friday, November 2, 2001, at the Board's office
5 here in Tuscaloosa. I will recommend that the following petitions be continued: Item 15,
6 Docket No. 10-31-01-10, petition by Nauvoo, LLC; Item 16, Docket No. 10-31-01-11, petition
7 by Nauvoo; Item 17, Docket No. 10-31-01-12, petition by Exxon Mobil Corporation; Item 20,
8 Docket No. 10-31-01-15, petition by El Paso Production Company. I will recommend that the
9 following petitions be dismissed without prejudice: Item 1, Docket No. 8-22-01-4, petition by
10 Moon-Hines-Tigrett Operating Company; Item 5, Docket No. 9-26-01-11, petition by El Paso
11 Production Company; and Item 19, Docket No. 10-31-01-14, petition by S. Lavon Evans, Jr.
12 Operating Company, Inc. The following items are set for hearing by the Board: Item 21, Docket
13 No. 10-31-01-16, petition by Alabama Merit Energy Company, Inc.; Item 22, Docket No. 10-31-
14 01-17, petition by Tepco Resources, Inc.; Item 23, Docket No. 9-26-01-20, a Motion by the
15 Board. That Motion by the Board is to amend the rules relating to force pooling and integration
16 to clarify the time for expiration of force pooling and integration orders. Item 24, Docket No.
17 10-31-01-18, a Motion by the Board to amend Rule 4 of the Special Field Rules for the
18 Citronelle Field. That brings us to the items today. The first petition is Item 2, Docket No. 9-26-
19 01-3, petition by Phillips Petroleum Company.

20 MR. WATSON: Mr. Rogers, I have prefiled an affidavit of notice in this matter and
21 would like to have it admitted to the record.

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

2 (Whereupon, the affidavit was received in evidence)

3 MR. WATSON: I have also prefiled a letter from Phillips to Mr. Robert Utter with
4 Chevron wherein Mr. Utter has consented to the granting of this petition reforming the unit. I
5 would like to have it admitted into the record.

6 MR. ROGERS: The letter is admitted. I would note that the letter has the consent by
7 Chevron USA, Inc. to the proposal.

8 (Whereupon, the letter was received in evidence)

9 MR. WATSON: This petition is requesting the reforming of a 40-acre unit into an 80-
10 acre unit in the Blue Creek Coal Degasification Field. I have prefiled an affidavit of testimony in
11 support of this petition by Robert T. Wood along with exhibits attached to that affidavit in
12 support of this unit reformation. I would like to have Mr. Wood's affidavit of testimony
13 admitted into the record.

14 MR. ROGERS: The affidavit of testimony is admitted.

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

17 MR. WATSON: Mr. Rogers, I have had brought to my attention this morning by the
18 accounting and land people at Phillips Petroleum that when we reform these units it's sometimes
19 an accounting nightmare. It would be helpful if the order of the Board in certain cases on unit
20 reformations was effective on the first day of the month following the month in which the Board
21 approves the petition. I realize that I have not discussed that on the record and would like to

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1 orally amend my petition. I have a written petition to back that up to make that request in this
2 particular unit reformation that the effective date of the unit reformation, if the Board approves
3 this, be the first day of the month following the approval which would be, in this case, December
4 1st. I'll file that with you now for your consideration. I would ask that you consider this matter
5 and make a recommendation to the Board based on the testimony and evidence in the affidavit of
6 testimony.

7 MR. ROGERS: Mr. Watson, we have a copy of the affidavit of testimony. We will
8 admit this one.

9 MR. WATSON: You should have the original.

10 MR. ROGERS: We'll look again.

11 MR. WATSON: If for some reason you don't have it, Mr. Rogers, we---

12 MR. ROGERS: The copy will suffice. Attached to that are the exhibits with an OGB-2
13 and a plat.

14 MR. WATSON: All those were referenced in the affidavit.

15 MR. ROGERS: We'll take a brief recess.

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

17 MR. ROGERS: We're back on the record. Mr. Watson has amended this petition to
18 make that request from the date that the order be affected. Anything else, Mr. Watson?

19 MR. WATSON: That's all.

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

21 MR. WATSON: Thank you.

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1 MR. ROGERS: The next item is Item 3, Docket No. 9-26-01-8, petition by Cedarhill
2 Operating Company, L.L.C.

3 MR. WATSON: Mr. Rogers, I have prefiled an affidavit of notice in this matter and
4 would like for it to be admitted into the record.

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

6 (Whereupon, the affidavit was received in evidence)

7 MR. WATSON: This is a petition requesting the force pooling, without imposition of the
8 risk compensation fee, tracts and interests in a 120-acre unit in the Chappell Hill Field in
9 Choctaw County, Alabama. I have handed up an affidavit of testimony in support of this force
10 pooling by Mr. Schneeflock. This matter was originally approved by Order 2001-47 on March
11 29, 2001, and is due to expire on September 29, 2001. The petition was scheduled to be heard by
12 the Board at its regular meeting, however the item was misadvertised by the Choctaw Advocate.
13 We had to file an emergency petition requesting the force pooling, without imposition of the risk
14 compensation fee. That emergency order was approved on September 28, 2001, Order E-2001-
15 161. The matter has now been properly advertised by the Choctaw Advocate, so we are here
16 today to make all of this permanent in the force pooling of these tracts and interests which is
17 .0004128 mineral acres or approximately .00034 percent. I would ask that you admit the
18 previous record that I have referred to in these orders and Mr. Schneeflock's affidavit and make
19 your recommendation to the Board.

20 MR. ROGERS: The affidavit which was previously admitted, the affidavit of Mr.
21 Schneeflock, is admitted. What else did you ask for, Tom?

1 MR. WATSON: The previous emergency orders.

2 MR. ROGERS: The prior orders relating to this matter issued by the Board are
3 incorporated into this record. Any questions by the staff?

4 (Whereupon, the affidavit with attached exhibit was
5 received in evidence; prior orders and record related to this
6 petition were incorporated by reference)

7 MR. ROGERS: By the way, do you know, Mr. Watson, the current situation on that
8 well? I know it's being drilled now.

9 MR. WATSON: They are drilling ahead. I do not have any report other than that.

10 MR. ROGERS: We will review the evidence and make a recommendation to the Board.
11 The next item is Item 4, Docket No. 9-26-01-9, petition by Exxon Mobil Corporation.

12 MR. WATSON: This was a publication notice that was misadvertised on its first outing
13 in September. The Board has readvertised this matter, so I would assume that we would admit
14 into the record the publication notice for this item.

15 MR. ROGERS: We have the proof of publication from that petition and that is admitted.

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

17 MR. WATSON: I have prefiled an affidavit in support of Exxon Mobil's request to
18 extend the temporary abandonment status for the T. R. Miller State Line Oil Trust 31-3 Well in
19 the Jay/Little Escambia Creek Field. This is an injection well. An affidavit has been prefiled of
20 Wayne K. Idol, Jr. who is qualified as an expert witness. I would ask that that affidavit of
21 testimony in support of this request be admitted into the record.

1 MR. ROGERS: That affidavit is admitted.

2 (Whereupon, the affidavit was received in evidence)

3 MR. WATSON: I submit that to you for your recommendation to the Board.

4 MR. ROGERS: We have an affidavit, Mr. Watson, of the English gentleman who
5 testified last time, Rupert Dalwood. There is no reason to admit this affidavit in this file?

6 MR. WATSON: No.

7 MR. ROGERS: Just for the record, the rules have now changed so that the notices and
8 the publications are being handled by the petitioners. This is the first meeting where that took
9 place. In the past, of course, the Oil and Gas Board staff handled all the publication. In this
10 particular case, that proof of publication was handled by the Oil and Gas Board and this item was
11 continued. Anything else, Mr. Watson?

12 MR. WATSON: That's all on that one.

13 MR. ROGERS: We will review the evidence and make a recommendation to the Board.
14 The next item is Item 6, Docket No. 10-31-01-1, petition by Pollard Operating, LLC.

15 MR. SCOGIN: Mr. Rogers, my name is Mark Scogin representing Pollard Operating,
16 LLC. This is a petition requesting the Board to enter an order classifying the Cedar Creek Land
17 and Timber Company 12-9 No. 1 Well, Permit No. 8685, as temporarily abandoned for a period
18 of one year. An affidavit in support of the petition has been previously submitted by John
19 Herlihy who is the manager for the petitioner and an expert who has been previously qualified
20 before this Board. I would ask that that affidavit be admitted into the record.

21 MR. ROGERS: The affidavit of Mr. Herlihy is admitted.

1 (Whereupon, the affidavit was received in evidence)

2 MR. SCOGIN: There should be an affidavit of notice that has been previously filed also.

3 MR. ROGERS: Well, on this one I don't think there has to be one. I don't see one, Mr.

4 Scogin. You wouldn't necessarily have to give anyone any notice other than notice by
5 publication.

6 MR. SCOGIN: Okay.

7 MR. ROGERS: Do you have one?

8 MR. SCOGIN: No, sir, I don't.

9 MR. ROGERS: I don't think that would be submitted because there wouldn't be
10 anybody to receive a first class mail notice, just the normal publication notice.

11 MR. SCOGIN: You should also have a proof of publication.

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

13 (Whereupon, the hearing was recessed for five minutes)

14 MR. ROGERS: The hearing is again in session. The proof of publication relating to the
15 petition by Pollard Operating, LLC is admitted.

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

17 MR. ROGERS: Anything else, Mr. Scogin?

18 MR. SCOGIN: No, sir. I would ask that the petition be granted based upon the pleadings
19 and affidavit.

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

21 The next item is Item 7, Docket No. 10-31-01-2, petition by Foshee Operating, LLC.

1 MR. SCOGIN: My name is Mark Scogin representing Foshee Operating LLC. This is a
2 petition requesting the Board to enter an order classifying certain wells in Sections 34 and 35 of
3 Township 2 North, Range 8 East, in the Foshee Field as temporarily abandoned for a period of
4 one year. An affidavit in support of the petition has been previously submitted by John Herlihy
5 who is the manager for the petitioner and an expert previously qualified before this Board. I
6 would ask that the affidavit be admitted to the record.

7 MR. ROGERS: The affidavit is admitted.

8 (Whereupon, the affidavit was received in evidence)

9 MR. SCOGIN: I would ask that the proof of publication previously submitted be
10 admitted to the record.

11 MR. ROGERS: The proof of publication is admitted.

12 (Whereupon, the proof of publication was

13 received in evidence)

14 MR. SCOGIN: I would ask that the petition be granted based on the pleadings and the
15 affidavit.

16 MR. ROGERS: We will review the evidence and make a recommendation to the Board.
17 The next item is Item 8, Docket No. 10-31-01-3, petition by Foshee Operating, LLC.

18 MR. SCOGIN: My name is Mark Scogin representing Foshee Operating, LLC. This is a
19 petition requesting the Board to enter an order classifying certain wells in Sections 32 and 33 of
20 Township 2 North, Range 8 East, in the West Foshee Field as temporarily abandoned for a
21 period of year. An affidavit in support of the petition has been previously submitted by John

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1 Herlihy who is the managing member and an expert previously qualified before this Board. I
2 would ask that the affidavit be admitted into the record.

3 MR. ROGERS: The affidavit is admitted.

4 (Whereupon, the affidavit was received in evidence)

5 MR. SCOGIN: There has been a previously submitted proof of publication. I would ask
6 that that be admitted to the record.

7 MR. ROGERS: The proof of publication is admitted.

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

10 MR. SCOGIN: I would ask that the petition be granted based upon the pleadings and the
11 affidavit.

12 MR. ROGERS: We will review the evidence and make a recommendation to the Board.
13 The next item is Item 9, Docket No. 10-31-01-4, petition by S. Lavon Evans, Jr. Operating
14 Company, Inc.

15 MR. TYRA: Mr. Rogers, I'm John Tyra here on behalf of S. Lavon Evans, Jr. Operating
16 Company. I would request that this matter be continued at this time, please.

17 MR. ROGERS: Any objection? That request is granted. The next item is Item 10,
18 Docket No. 10-31-01-5, petition by LaTex Petroleum Corporation.

19 MR. TYRA: Again, I'm John Tyra on behalf of LaTex Petroleum Corporation. This
20 petition is a request to extend the temporarily abandoned status of certain wells in the South
21 Carlton Field in Clarke County, Alabama. Those wells are located in Sections 2, 3, 10, 11 and

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1 16 of Township 3 North, Range 2 East. We have previously filed a proof of publication and I
2 would ask that that be made a part of the record at this time.

3 MR. ROGERS: That would be in Clarke County. The proof of publication from The
4 South Alabamian is admitted.

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

6 MR. TYRA: Thank you. This item has been noticed through publication. Also, I have
7 prefled an affidavit of testimony of Steven Collins, operations manager of the field. I would ask
8 that that affidavit be admitted and made a part of the record at this time.

9 MR. ROGERS: The affidavit is admitted.

10 (Whereupon, the affidavit with attached exhibit

11 was received in evidence)

12 MR. TYRA: We would submit this to the Board based upon the testimony in that
13 affidavit.

14 MR. WILSON: Mr. Tyra, yesterday, rather late, we talked to our field agent in the area
15 and this information perhaps you can pass along to the operator. Even on temporarily abandoned
16 wells, of course, our agents still inspect the locations. Our agent informed us that there was a
17 couple of locations, two or three perhaps, that are difficult to get to because of overgrown
18 vegetation over the road. If you would, please, inform the operator that they need to keep the
19 access roads in good shape so that we can still inspect them.

20 MR. TYRA: We'll do that. Thank you.

1 MR. ROGERS: We will review the evidence and make a recommendation to the Board.
2 The next item then will be Item 11, Docket No. 10-31-01-6, petition by Pruet Production
3 Company.

4 MR. WATSON: I have prefiled an affidavit of notice in this matter, Mr. Rogers, and
5 would ask that it, along with the proof of publication, be admitted into the record.

6 MR. ROGERS: The affidavit of notice is admitted and the proof of publication is
7 admitted.

8 (Whereupon, the affidavit and the proof of
9 publication were received in evidence)

10 MR. WATSON: I have submitted an affidavit of testimony of David Hilton in support of
11 this petition to approve an exceptional location for the ATIC 10-11 No. 1 Well which was
12 previously approved by Emergency Order E-2001-160. I would ask that Mr. Hilton's affidavit of
13 testimony in support of this exceptional location be admitted into the record.

14 MR. ROGERS: The affidavit is admitted.

15 (Whereupon, the affidavit with attached exhibit
16 was received in evidence)

17 MR. WATSON: I submit the matter on the basis of the affidavit of testimony.

18 MR. ROGERS: Mr. Watson, do you know the well status?

19 MR. WATSON: I do not.

20 MR. ROGERS: We will review the evidence and make a recommendation to the Board.
21 The next item is Item 12, Docket No. 10-31-01-7, petition by Phillips Petroleum Company.

1 MR. WATSON: I have prefiled an affidavit of notice in this matter along with the proof
2 of publication and an affidavit of testimony of Steven Hutchings and would ask that those items
3 be admitted into the record.

4 MR. ROGERS: The affidavit of notice is admitted, the affidavit of Mr. Hutchings is
5 admitted, and the proof of publication is admitted.

6 (Whereupon, the affidavits and proof of publication
7 were received in evidence)

8 MR. WATSON: I would ask that you make a recommendation to the Board based on the
9 affidavit of testimony of Mr. Hutchings that this matter be approved for pooling the
10 outstanding tracts and interests in this 40-acre unit.

11 MR. ROGERS: All right. The proof of publication that is admitted will also apply to the
12 petition by Black Warrior Methane, Docket No. 10-31-01-8. We will review the evidence and
13 make a recommendation to the Board.

14 MR. ROGERS: The next item is Item 13, Docket No. 10-31-01-8, petition by Black
15 Warrior Methane Corporation.

16 MR. WATSON: I have prefiled an affidavit of notice. The publication notice has been
17 filed with the Board. We also have a letter from me to Jim Walter Resources, the mineral owner,
18 seeking their permission for the reformation of an 80-acre unit to a 40-acre unit in the
19 Brookwood Coal Degasification Field. I would ask that that letter, along with the affidavit of
20 notice, the affidavit of testimony of Mr. Sanders, and the publication notice be admitted into the
21 record.

1 MR. ROGERS: The affidavit of testimony, the affidavit of notice, Mr. Watson's letter
2 with the attached consent by Jim Walter Resources, Inc., and a copy of the proof of publication
3 are all admitted.

4 (Whereupon, the affidavits, letter, and proof of
5 publication were received in evidence)

6 MR. WATSON: Based on the evidence contained in that affidavit I would ask that you
7 recommend to the Board the approval of this item.

8 MR. ROGERS: We will review the evidence and make a recommendation to the Board.
9 The next item is Item 14, Docket No. 10-31-01-9, petition by Four Star Oil and Gas Company.

10 MR. WATSON: Admit the proof of publication, Mr. Rogers, and also an affidavit of
11 testimony of Joseph Smith supporting the extension of a temporary abandonment status for a
12 Class II UIC permit in the Hatter's Pond Unit.

13 MR. ROGERS: The proof of publication is admitted. The affidavit of testimony of
14 Joseph Smith is admitted.

15 (Whereupon, the proof of publication and affidavit
16 were received in evidence)

17 MR. WATSON: That's all on that item.

18 MR. ROGERS: We will review the evidence and make a recommendation to the Board.
19 The next item is Item 18, Docket No. 10-31-01-13, petition by S. Lavon Evans, Jr. Operating
20 Company. By the way, the first four items that we heard did not require proof of publication
21 because those were previously published and were continued.

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1 MR. TYRA: Mr. Rogers, I'm John Tyra here again on behalf of S. Lavon Evans, Jr.
2 Operating Company, Inc. I have one witness that needs to be sworn in, please.

3 MR. ROGERS: Sir, would you stand and state your name and address?

4 MR. WILKINSON: Rex Wilkinson, Shreveport, Louisiana.

5 (Witness was sworn by Mr. Rogers)

6 MR. TYRA: Docket No. 10-31-01-13 is a request for an exceptional location for the
7 McDonald 28-3 No. 1 Well. It's a 160-acre wildcat well to be drilled in the Northwest Quarter
8 of Section 28, Township 12 South, Range 13 West, in Marion County, Alabama. I have
9 previously submitted a proof of publication that I would like to be admitted at this point.

10 MR. ROGERS: The proof of publication is admitted.

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

12 MR. TYRA: There are no other operators to receive notice so our notice is by
13 publication. Mr. Wilkinson, I'll ask you first, have you previously testified before this Board?

14 MR. WILKINSON: No.

15 MR. TYRA: In that case, would you give a brief summary of your educational
16 background and work experience, please, sir.

17 MR. WILKINSON: I have a Master's Degree from Memphis State University in
18 Geology and about 20 years experience in the Gulf Coast working as a mud logger, an
19 exploration geologist, and a development geologist in the petroleum industry.

20 MR. TYRA: Is there a statement of your qualifications on file with the Board at this
21 time?

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1 MR. WILKINSON: Yes, sir.

2 MR. TYRA: Are you familiar with the petition that we have filed in this matter
3 regarding this exceptional location?

4 MR. WILKINSON: Yes, sir.

5 MR. TYRA: Did you prepare exhibits in support of that petition?

6 MR. WILKINSON: Yes, I did.

7 REX WILKINSON

8 Appearing as a witness on behalf of Petitioner, S. Lavon Evans, Jr. Operating Company,
9 Inc., testified as follows:

10 DIRECT EXAMINATION

11 Questions by Mr. Tyra:

12 Q. Let's turn to those exhibits, your first exhibit being a survey of the well location. Explain
13 what that shows, please, sir.

14 A. Exhibit 1 shows the proposed exceptional location that we are asking for at 550 feet from
15 the North line and 660 feet from the East line of the unit.

16 Q. As I understand it the statewide field rules require each location to be at least 660 feet
17 from the unit line. The 550 feet from the north line is the exception. Is that correct, sir?

18 A. That's correct.

19 Q. Turn to your Exhibit 2, please, and explain what that shows.

20 A. Exhibit 2 outlines the exceptional location unit and the relationship of the drill site to the
21 unit.

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1 Q. Okay, sir. I noticed that the label there refers to Heartland Energy, Inc./S. Lavon Evans.
2 S. Lavons Evans Operating Company is going to be the operator of this well. Is that
3 correct?

4 A. That's correct.

5 Q. Would you explain what function Heartland Energy, Inc. is?

6 A. Heartland is a partner with Lavon Evans in this venture.

7 Q. Okay, sir. So, this plat shows the location of your proposed well as well as other wells
8 drilled in the vicinity. Is that correct?

9 A. That's correct.

10 Q. Turn to your Exhibit No. 3, your structure map. Explain what this shows, please.

11 A. Exhibit 3 shows the relationship of the proposed exceptional location to the regional
12 structure. You can see that it's just a regional downdip to the southwest, a monoclinial
13 decline, just to kind of indicate the location in relation to the structure of the area.

14 Q. All right, sir, your isopach, Exhibit 4.

15 A. Exhibit 4 gives a better example of our purpose. The isopach shows that our proposed
16 exceptional location is located within the maximum stratigraphic position. If we moved
17 in just about any direction for a very long distance we would be out of this desirable
18 location--desirable stratigraphic area.

19 Q. Is it your attempt to stay in an area that has the best porosity?

20 A. Yes, sir, the best porosity.

21 Q. The last exhibit is Exhibit 5. Explain what this exhibit is.

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1 A. Exhibit 5 shows our proposed location in relation to a land area owned by a private
2 individual. It shows that we couldn't get at a legal location without getting on this
3 square.

4 Q. Rule 400-1-2-.02(2)(h) requires every location to be at least 200 feet from the nearest
5 dwelling. If we were at a location 660 feet from the North line, would we be closer than
6 the 200 feet to a dwelling?

7 A. Yes, sir.

8 Q. In fact, would we be in someone's kitchen?

9 A. That is correct.

10 Q. In addition to the geology that you have discussed, we have a topographical reason for
11 being at 550 feet. Is that correct?

12 A. That's correct.

13 Q. Now as I understand it, this is in the city limits of Gwin. So, in addition to the house we
14 have power lines and sewer lines and things like that to take into consideration as well. Is
15 that correct?

16 A. That's correct.

17 Q. Bearing in mind the topography, the location of the houses, the power lines, the sewer
18 lines and such as that and also keeping in mind the target structure that you testified to,
19 looking at your structure map and your isopach, is it your opinion that this location is the
20 optimum geological location for this well?

21 A. Yes.

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1 Q. Are you familiar with the term "waste" as it's defined by the laws and statutes of this
2 State as well as the Administrative Code of this Board?

3 A. Yes.

4 Q. In your opinion, would the location of this well and the granting of this petition prevent
5 waste and also protect coequal and correlative rights?

6 A. Yes it would.

7 MR. TYRA: That's all the testimony we have. I tender the witness to each of you for
8 any questions you may have.

9 MR. ROGERS: The staff has no questions. All the exhibits are admitted.

10 (Whereupon, the exhibits were received in evidence)

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

12 MR. TYRA: No, sir.

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

14 MR. TYRA: Thank you.

15 MR. ROGERS: Anything else for this hearing? The hearing is adjourned.

16 (Whereupon, the hearing was adjourned at 10:48 a.m.)

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 Wednesday, October 31, 2001, 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 30 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