

December 6, 2001

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MCW  
2-15-02

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EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 1 (Item 2)	Structure map, top of Amos sand, Foley area, Baldwin County, AL (Conrad Grazzier)	17	17
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EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 1 (Item 11)	Proof of publication (The Onlooker)	30	30
Exhibit 2 (Item 11)	Proof of publication (The Mobile Register)	30	30
Exhibit 3 (Item 11)	Affidavit of notice (William T. Watson)	30	30
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EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 1 (Item 14)	Proof of publication (The Mobile Register)	36	36
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EXHIBITS

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Exhibit 1 (Item 20)	Rule 400-3-7-.01, Certificate of Compliance, Authorization to Transport	37	37
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EXHIBITS  
(Incorporated by Reference)

DESCRIPTION	OFFERED	RECEIVED
Production and engineering records for County Line Field	28	28
Testimony and exhibits related to Docket No. 10-31-01-13 (Order No. 2001-178)	38	38
Docket No. 11-15-01-1 (Order No. E-2001-179)	39	39



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STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

December 6, 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 6<sup>th</sup> day of December, 2001.

BEFORE:

Mr. Gaines C. McCorquodale.....Chairman

Mr. M. Stephen Dampier .....Member

BOARD STAFF

Mr. Marvin Rogers..... Attorney

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

Mr. Gary Wilson ..... Deputy Director

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

Ms. Janyth Pashin .....Assistant Supervisor

Mr. Richard Raymond ..... Engineer

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APPEARANCES

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NAME	REPRESENTING
1. Joe Cade Tuscaloosa, AL	Land, Inc.
2. Greg Pearson Tuscaloosa, AL	Nauvoo, LLC
3. Steve Harrison Tuscaloosa, AL	El Paso
4. Clay C. Dickenson Birmingham, AL	El Paso
5. Conrad Grazzier Gulf Shores, AL	Nauvoo, LLC
6. Carl Albury Pensacola, FL	Nauvoo, LLC
7. Mark Scogin Tuscaloosa, AL	Merit Energy
8. Tom Watson Tuscaloosa, AL	----
9. John Tyra Tuscaloosa, AL	Lavon Evans
10. Steve Wolf Tuscaloosa, AL	Land, Inc.

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1 (The hearing was convened at 10:10 a.m. on  
2 Thursday, December 6, 2001, at Tuscaloosa, Alabama.)

3  
4 (Mr. Metcalfe was absent)  
5

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

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

11 AGENDA  
12 STATE OIL AND GAS BOARD MEETING  
13 DECEMBER 6 & 7, 2001  
14

15 The State Oil and Gas Board of Alabama will hold its regular monthly meeting at  
16 10:00 a.m. on Thursday, December 6, and Friday, December 7, 2001, in the Board  
17 Room of the State Oil and Gas Board Building, Walter B. Jones Hall, University  
18 of Alabama Campus, 420 Hackberry Lane, Tuscaloosa, Alabama, to consider  
19 among other items of business the following petitions:  
20

21 1. DOCKET NO. 10-31-01-4

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

1 2. DOCKET NO. 10-31-01-10

2 Continued petition by NAUVOO, L.L.C., an Alabama limited liability company  
3 authorized to do and doing business in the State of Alabama, requesting State Oil  
4 and Gas Board to enter an order approving an exceptional location for the  
5 proposed Krupinski 31-8 No. 1 Well, which is to be permitted, drilled and  
6 completed as a producing well on the following described unit consisting of the  
7 Northeast Quarter of Section 31, Township 7 South, Range 4 East, containing 160  
8 acres, more or less, in the Foley Field, Baldwin County, Alabama. Said Well to  
9 be located 2330' south of the north section line and 330' west of the east section  
10 line. This Petition is in accordance with Section 9-17-13, Code of Alabama  
11 (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of  
12 Alabama Administrative Code.

13  
14 3. DOCKET NO. 10-31-01-11

15 Continued petition by NAUVOO, L.L.C., an Alabama limited liability company  
16 authorized to do and doing business in the State of Alabama, requesting State Oil  
17 and Gas Board to enter an order force pooling, without a risk compensation  
18 penalty, all tracts and interests in hydrocarbons produced from formations of  
19 Miocene age from the proposed Flowers-Stewart 18-8 No. 1 Well, which is to be  
20 permitted, drilled and completed as a producing well on the following described  
21 unit consisting of the Northeast Quarter of Section 18, Township 8 South Range 4  
22 East, containing 160 acres, more or less, in the Pleasant View Field, Baldwin  
23 County, Alabama. Said Well to be located 1691' south of the north section line  
24 and 1135' west of the east section line. This Petition is in accordance with Section  
25 9-17-13, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the State  
26 Oil and Gas Board of Alabama Administrative Code.

27  
28 4. DOCKET NO. 10-31-01-12

29 Continued petition by EXXON MOBIL CORPORATION, a foreign corporation  
30 authorized to do and doing business in the State of Alabama, requesting the State Oil  
31 and Gas Board to enter an order in accordance with the terms and conditions of  
32 Rules 400-1-7-01 and 400-2-6-.10(4)(b) of the State Oil and Gas Board of Alabama  
33 Administrative Code approving the installation of bi-directional piping and metering  
34 connections for the installation of approved meters to the inlet pipelines of its Mary  
35 Ann Treating Facility, Mobile 823 Treating Facility and the Onshore Treating  
36 Facility in order to allow production from Petitioner's offshore leases to be treated in  
37 any of these three (3) ExxonMobil operated onshore facilities located in Coden,  
38 Mobile County, Alabama. Petitioner's initial pipeline installation will include one  
39 12-inch gas pipeline, one 8-inch gas pipeline, one 6-inch liquid pipeline, one 4-inch  
40 liquid pipeline and one 4-inch utility line, each approximately 1000 feet in length.  
41 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 5. DOCKET NO. 10-31-01-15A

5 Continued petition by EL PASO PRODUCTION COMPANY, a foreign  
6 corporation authorized to do and doing business in the State of Alabama,  
7 requesting the State Oil and Gas Board of Alabama to enter an order force  
8 pooling, without imposition of the risk compensation fee, all tracts and interests in  
9 hydrocarbons produced from the El Paso Production Company - Cheney 16-13-  
10 291 Well, Permit No. 11638-C, in the White Oak Creek Coal Degasification  
11 Field, Walker County, Alabama, located on an 80-acre unit consisting of the  
12 Southwest Quarter of the Southwest Quarter of Section 16, and the Southeast  
13 Quarter of the Southeast Quarter of Section 17, Township 17 South, Range 7  
14 West, Walker County, Alabama.  
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 6. DOCKET NO. 10-31-01-16A

21 Continued amended petition by ALABAMA MERIT ENERGY COMPANY,  
22 INC., a foreign corporation, authorized to do and doing business in the State of  
23 Alabama, requesting the State Oil and Gas Board of Alabama to enter an order  
24 extending the temporarily abandoned status of certain wells and Class II injection  
25 well permits located in the Citronelle Field, Mobile County, Alabama, in the  
26 following areas:  
27

28 Citronelle Unit

29 Township 2 North, Range 3 West  
30 Sections 23, 24, 25, 26, 27, 28, 34, 35  
31

32 Township 2 North, Range 2 West  
33 Sections 19, 20, 29, 30, 31  
34

35 Township 1 North, Range 3 West  
36 Sections 1, 2, 3, 11, 12, 13, 14  
37

38 Township 1 North, Range 2 West  
39 Sections 5, 6, 7, 8, 9, 16, 17, 18

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**Southeast Citronelle Unit**

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

**East Citronelle Unit**

Township 1 North, Range 2 West  
Sections 6

Township 2 North, Range 2 West  
Sections 31 and 32

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

7. DOCKET NO. 12-6-01-1

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 enter an order force pooling, with a risk compensation penalty, all tracts and interests in hydrocarbons produced from formations of Mississippian and Pennsylvanian Age in the MHT No. 1 Dodds 6-7 Well to be drilled on a 320-acre unit consisting of the East Half of Section 6, Township 16 South, Range 11 West, Fayette County, Alabama, in the Bankston 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.

8. DOCKET NO. 12-6-01-2

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 enter an order granting an exception to the testing requirements of Rule 8 of the Special Field Rules for the County Line Field, Lamar and Pickens Counties, Alabama, concerning the determination of allowables for the Holliman 36-7 #1 Well, Permit No. 11948, and basing said allowable rate on the production tests and production history of the well or any other allowable rate determined by the Board to be appropriate.

9. DOCKET NO. 12-6-01-3

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board pursuant to Section 9-17-01, et seq. Code of Alabama (1975), and Rule 400-3-4-.17(1) 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 Brookwood Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, in the following areas, for a period of one (1) year:

Township 19 South, Range 7 West, Tuscaloosa County  
Sections 31, 32, 33 and 35

Township 19 South, Range 8 West, Tuscaloosa County  
Sections 33, 34 and 35

Township 20 South, Range 6 West, Tuscaloosa County  
Sections 6 and 7

Township 20 South, Range 7 West, Tuscaloosa County  
Sections 1, 3, 4, 7, 10, 11, 12, 15, 16, 18 and 28

Township 20 South, Range 8 West, Tuscaloosa County  
Sections 3, 10, 13, 14, 15, 23 and 24

The previously granted temporarily abandoned status expires on December 7, 2001, and Petitioner is requesting this Board to grant a one-year extension of the temporarily abandoned status beginning December 7, 2001, because all of the wells in the aforementioned Sections have future utility and should not be plugged.

Petitioner further requests that the State Oil and Gas Board enter an order granting the temporarily abandoned status for certain wells in the Brookwood Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, in the following areas:

Township 19 South, Range 7 West, Tuscaloosa County  
Section 31

Township 19 South, Range 8 West, Tuscaloosa County  
Sections 25, 33 and 34

Township 20 South, Range 8 West, Tuscaloosa County  
Sections 3, 10, 11, 14, 15 and 25

10. DOCKET NO. 12-6-01-4

Petition by BLACK WARRIOR METHANE CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board, pursuant to Section 9-17-1, *et seq. Code of Alabama*, (1975), and Rule 400-3-4-.17(1) 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 Oak Grove Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, in the following areas, for a period of one (1) year:

Township 19 South, Range 6 West, Jefferson County  
Sections 2, 11 and 21

The previously granted temporarily abandoned status expires on December 7, 2001, and Petitioner is requesting this Board to grant a one-year extension of the temporarily abandoned status beginning December 7, 2001 because all of the wells in the aforementioned Sections have future utility and should not be plugged.

11. DOCKET NO. 12-6-01-5

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 approving an exception to Rule 400-2-4-.09(4) of the State Oil and Gas Board of Alabama Administrative Code pertaining to blow-out prevention equipment and the frequency of testing said equipment for the proposed State Lease 613 (Tract 64) Well #2, Permit No. 12309-OS-86-B, with a surface location 1400 feet north of the south line and 3950 feet east of the west line of Tract 64 in Baldwin County, Alabama, in the Bon Secour Bay Unit - Lower Mobile Bay Area, Baldwin and Mobile Counties, Alabama, as shown on plats entitled "State of Alabama Chart of Submerged State Lands, Oil and Gas Lease Tracts," dated May 1984, Project No. 2, 5-L-27, revised October 31, 1990.

12. DOCKET NO. 12-6-01-6

Petition by LAND and NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, authorized to do and doing business in the State of Alabama, requesting the Board to extend the temporarily abandoned status for 207 wells, 70 wells which are operated by Land and Natural Resource Development, Inc. and 137 wells which are operated by TECO Coalbed Methane, Inc., all of which are located in the Moundville Field, Tuscaloosa and Hale Counties, Alabama. The Board extended the temporarily abandoned status of



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these wells until December 7, 2001, in Order No. 2001-162, issued on September 28, 2001. In said Order, the Board ordered operators Land and Natural Resource Development, Inc. and TECO Coalbed Methane, Inc. to commence operations to plug and abandon wells, and that all wells shall be plugged and abandoned by August 31, 2002. Petitioner owns an interest in said wells and is complying with said order. Petitioner also alleges that said wells have future utility. The wells are located in the following Sections:

Township 23 North, Range 3 East  
Sections: 13, 24

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

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

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

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

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

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

14. DOCKET NO. 10-31-01-18

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

15. DOCKET NO. 12-6-01-7

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend Rule 400-1-2-.05 related to Change of Operator of the State Oil and Gas Board of Alabama Administrative Code to allow a single Application for Change of

Operator, Form OGB-1E to be filed regarding a request for change of operator for multiple wells, facilities, or equipment.

16. DOCKET NO. 12-6-01-8

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend Rule 400-2-2-.05 related to Change of Operator of the State Oil and Gas Board of Alabama Administrative Code to allow a single Application for Change of Operator, Form OGB-1E to be filed regarding a request for change of operator for multiple wells, facilities, or equipment.

17. DOCKET NO. 12-6-01-9

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend Rule 400-3-2-.05 related to Change of Operator of the State Oil and Gas Board of Alabama Administrative Code to allow a single Application for Change of Operator, Form OGB-1E to be filed regarding a request for change of operator for multiple wells, facilities, or equipment.

18. DOCKET NO. 12-6-01-10

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend Rule 400-1-8-.01 related to Certificate of Compliance, Authorization to Transport of the State Oil and Gas Board of Alabama Administrative Code to allow the filing of a single Operator's Certificate of Compliance and Authorization to Transport Oil, Gas, or Condensate from Well, Form OGB-12, if oil, gas, or condensate is being transported from multiple wells and the transporter and purchaser is the same for each of the wells

19. DOCKET NO. 12-6-01-11

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend Rule 400-2-7-.01 related to Certificate of Compliance, Authorization to Transport of the State Oil and Gas Board of Alabama Administrative Code to allow the filing of a single Operator's Certificate of Compliance and Authorization to Transport Oil, Gas, or Condensate from Well, Form OGB-12, if oil, gas, or condensate is being transported from multiple wells and the transporter and purchaser is the same for each of the wells

20. DOCKET NO. 12-6-01-12

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend Rule 400-3-7-.01 related to Certificate of Compliance, Authorization to Transport of the State Oil and Gas Board of Alabama Administrative Code to allow the filing of a single Operator's Certificate of Compliance and Authorization to Transport Oil, Gas, or Condensate from Well, Form OGB-12, if oil, gas, or

condensate is being transported from multiple wells and the transporter and purchaser is the same for each of the wells

21. DOCKET NO. 12-6-01-13

Petition by S. LAVON EVANS, JR. OPERATING COMPANY, INC., a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving an exceptional location for the McDonald 28-3 No. 1 Well to be drilled on a 160-acre wildcat drilling unit consisting of the Northwest Quarter of Section 28, Township 12 South, Range 13 West, Marion County, Alabama. The proposed location for said well is 520 feet FNL and 660 feet FEL of said unit. Such location is an exception to Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code which states, in part, that such a well shall be located at least 660 feet from every exterior boundary of the drilling unit.

The McDonald 28-3 #1 Well, Permit No. 12315, was permitted on November 8, 2001, at an exceptional location 550 feet from the North line and 660 feet from the East line of the Northwest Quarter of said Section 28, approved by Order No. 2001-178 on November 8, 2001.

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

DR. OLTZ: Mr. Chairman, the staff would recommend approval of the minutes of the following meetings: September 26, 2001, Hearing Officer Meeting; September 28, 2001, Board Meeting; September 28, 2001, Emergency Board Meeting; October 31, 2001, Hearing Officer Meeting, and November 2, 2001, Hearing Officer Meeting.

MR. DAMPIER: Move.

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

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1 (Board members McCorquodale and Dampier voted "aye")

2 CHMN. MCCORQUODALE: Let me address the procedure that we will follow  
3 for this hearing. This meeting was originally planned to be--well, it was advertised to be  
4 on Thursday and Friday, December 6 and 7. Obviously, it is being held Wednesday and  
5 Thursday, December 5 and 6. For that reason there might be some individuals that will  
6 appear here tomorrow thinking that this is the time for these items to have been heard  
7 when, in fact, they would have been heard today. So, what we will do today is take  
8 evidence on and hear all items that are to be heard today. We will leave the record open  
9 for anyone to address the Board tomorrow, Friday, December 7, 2001. We will appoint  
10 Marvin Rogers as Hearing Officer to hear from anyone who appears tomorrow to address  
11 any of these items. After the record is closed tomorrow, we will review the evidence and  
12 rule on the petitions and motions. So, except for any rulings today on items that are  
13 requested to be continued, we will not actually rule today on petitions or motions that we  
14 hear. Those rulings will be reserved until the record is closed after the business day  
15 tomorrow. Are there any questions about that? Did everybody understand the  
16 procedure? Thank you. Mr. Rogers.

17 MR. ROGERS: The first item is Item 1, Docket No. 10-31-01-4, petition by S.  
18 Lavon Evans, Jr. Operating Company, Inc.

19 MR. TYRA: Good morning. I'm John Tyra here on behalf of S. Lavon Evans Jr.  
20 Operating Company, Inc. We request that this matter be continued to the next hearing.

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1 CHMN. MCCORQUODALE: Is there any objection? Hearing none, the matter  
2 is continued.

3 MR. ROGERS: Item 2, Docket No. 10-31-01-10, petition by Nauvoo, L.L.C.

4 MR. PEARSON: Good morning Mr. Chairman and members of the Board and  
5 staff. Greg Pearson. I represent Nauvoo, L.L.C. We have two items before you today.  
6 They are Items 10-31-01-10 and 10-31-01-11. Since they are dissimilar items we will  
7 have to take them up separately. I have witnesses for both this morning. The first item  
8 which is Docket No. 10-31-01-10 is a petition filed by Nauvoo, L.L.C. It's an Alabama  
9 limited liability company for an exceptional location. The name of the well is the  
10 Krupinski 31-8 well. It's in the Foley Field in Baldwin County, Alabama. It's a 160-acre  
11 unit in the Northeast Quarter of Section 31, Township 7 South, Range 4 East. I have a  
12 witness that is going to testify as to the exceptional location. Basically the field rules for  
13 the Foley Field which were established in 1985 provided for any well to be located 660  
14 feet from any exterior boundary of the unit. The well that we propose is approximately  
15 330 feet. I think it is 330 feet from one line and 310 feet from another exterior line of  
16 the unit. The basis upon which this petition is made is that it is the most optimum  
17 location for the efficient and economic drainage of the unit. Of course, we are petitioning  
18 this under the Reg. 400-1-2-.02(1)(g) which allows the Board to grant this after notice  
19 and hearing if the most efficient and economic drainage of the unit can be best had by the  
20 exceptional location. I have Mr. Conrad Grazzier here. He is a registered professional  
21 geologist in the State of Alabama. He has testified previously before the Board as an

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1 expert, as a geologist. I would ask that his qualifications to testify as an expert be  
2 accepted.

3 CHMN. MCCORQUODALE: He is so recognized. We will need to swear the  
4 witness.

5 MR. PEARSON: Yes, please go ahead.

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

7 MR. GRAZZIER: Conrad A. Grazzier. I live at 47158 County Road Six, Gulf  
8 Shores, Alabama.

9 (Witness was sworn by Mr. Rogers)

10 CONRAD A GRAZZIER

11 Appearing as a witness on behalf of Petitioner, Nauvoo L.L.C., testified as follows:

12 DIRECT EXAMINATION

13 Questions by Mr. Pearson:

14 Q. Mr. Chairman, Mr. Grazzier has prepared certain exhibits to this petition which I believe  
15 have been filed with the Board. I'm going to ask Mr. Grazzier to please go through those  
16 exhibits with the Board. Mr. Grazzier, did you prepare the exhibits that accompany this  
17 petition 10-31-01-10?

18 A. The three exhibits, 1, 2 and 3, are actually exhibits previously submitted to this Board and  
19 accepted by this Board under previous actions in these fields by previous operators. I  
20 have prepared these exhibits--selected these exhibits from the files and copied them and  
21 prepared them.

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1 Q. So, they were already filed in the Oil and Gas Board records?

2 A. That's correct.

3 Q. Would you please explain to the Board what these exhibits are, starting with Exhibit  
4 No. 1.

5 A. Exhibit No. 1 is the most recent map of the Foley area, the structure map of the Amos  
6 sand reservoir prepared by Duer Wagner in 1991. Part of the petition that this exhibit  
7 was submitted for had to do with saltwater injection into the Lower Amos as a potential  
8 cost saver for the field. It essentially shows that the Foley Field is a closed structure and  
9 that the location that we have selected would be the most advantageous location within  
10 this drilling unit to potentially recover hydrocarbons still present in the reservoir. The  
11 darkened color on this exhibit indicates the geologist's interpretation of where the sands  
12 are present and the separations in the sand.

13 Q. Exhibit No. 2, please.

14 A. Exhibit No. 2 is probably the most accurate exhibit based upon my review of the  
15 information. It was prepared by Amoco in 1984. It basically shows a closed anticlinal  
16 feature present in the area. Again, the location of the well--proposed location is the most  
17 advantageous location to potentially recover hydrocarbons still remaining in the field.  
18 One difference in this exhibit is that it shows that there is a current gas-water contact as  
19 of the submission of this docket in 1984, showing that the gas-water contact had risen  
20 quite a bit. This was based on the fact that both the original Krupinski well 31-1 and the  
21 Foley Dairy 31-11 as well as the Barner well were perforated down below a shale-

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1 breaking Amos sand where there was a water table present. Those wells produced water  
2 prematurely. In both the Irwin and the Amos--the Amos was the original discovery well--  
3 --both of them did not have a water table and did not produce appreciable amounts of  
4 water. To illustrate this closure I will call your attention to Exhibit No. 3 which was filed  
5 in 1982, prepared by Tom Joiner & Associates. It basically shows an anticlinal feature.  
6 Again, the location in the southeast corner of the unit is the most advantageous location  
7 in the Krupinski lease to recover hydrocarbons that may be present. I believe that Exhibit  
8 No. 2 which was prepared by Amoco--Amoco had the advantage of all the seismic that  
9 maybe the other two individuals did not have--probably is the most accurate presentation  
10 of the geology in the area where this well is to be drilled.

11 Q. Mr. Grazzier, in some of these exhibits there are indications of other wells that would be  
12 in the same unit. Are any of those wells currently producing?

13 A. There are no wells currently producing in Foley Field.

14 Q. In your opinion as an expert professional geologist, is the exceptional location that you  
15 request for approval from the Board the best location to promote the most efficient and  
16 economic drainage of this unit?

17 A. Yes it is.

18 Q. Would a well at this unit protect the coequal and correlative rights of all the other owners  
19 in the unit?



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1 A. Yes it would and there's a further explanation to that. This field produced about six  
2 billion--a little over six Bcf and each well averaged about a Bcf per well. So, this is kind  
3 of a salvage operation to see if there are any remaining reserves.

4 Q. Will this prevent waste and avoid the drilling of any unnecessary wells?

5 A. Yes it would.

6 MR. PEARSON: Mr. Chairman, I tender the witness to the Board and its staff if you  
7 have any questions you would like to ask Mr. Grazzier.

8 CHMN. MCCORQUODALE: Are there any questions?

9 MR. ROGERS: Mr. Chairman, we have an affidavit concerning proof of notice  
10 submitted by Mr. Pearson and an affidavit of the Gulf Coast Newspaper that they advertised--  
11 published notice of this matter. Also, we have a letter from Mr. Sexton to the Mayor of Foley  
12 notifying him of this permit application because the well is in the city limits. We would like to  
13 enter these items into the record.

14 CHMN. MCCORQUODALE: Those items are admitted and the exhibits that Mr.  
15 Grazzier testified to are also admitted.

16 (Whereupon, the affidavits, letter and exhibits were  
17 received in evidence)

18 MR. PEARSON: One matter of housekeeping, Mr. McCorquodale. If tomorrow, by any  
19 chance, there is opposition to the petition we would---

20 CHMN. MCCORQUODALE: Like to get a call.

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1 MR. PEARSON: ---if Mr. Rogers could just give me a call at the office I would be  
2 available to come down and hear the opposition. I would appreciate it.

3 CHMN. MCCORQUODALE: We can arrange to do that, Mr. Pearson.

4 MR. PEARSON: Thank you.

5 CHMN. MCCORQUODALE: As previously stated, the record will remain open.

6 MR. PEARSON: Our second item today is a force pooling petition, Docket No. 10-31-  
7 01-11. It was continued, of course, from the last hearing. We are seeking to force pool the  
8 Northeast Quarter unit of Section 18, Township 8 South, Range 4 East, in Baldwin County,  
9 Alabama. It's in the Pleasant View Field. The nature of this petition is fairly simply. We have a  
10 small number of unleased interest in the unit including the State of Alabama. Again, I have a  
11 witness who has previously testified before the Board, Carl Albury. He is a professional  
12 landman and he has testified as an expert professional landman in the past. I would ask that he  
13 be sworn in and that his testimony be accepted as a professional.

14 CHMN. MCCORQUODALE: He is so recognized.

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

16 MR. ALBURY: Carl Albury, 5751 English Turn Drive, Pace, Florida.

17 (Witness was sworn by Mr. Rogers)

18 CARL ALBURY

19 Appearing as a witness on behalf of Petitioner, Nauvoo, L.L.C., testified as follows:

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## DIRECT EXAMINATION

1

2 Questions by Mr. Pearson:

3 Q. Mr. Albury, are you familiar with the petition filed by Nauvoo, L.L.C. to force pool the  
4 Flowers-Stewart 18-8?

5 A. I am.

6 Q. To the best of your knowledge are all the averments in that petition true and correct?

7 A. That's correct.

8 Q. I noticed in the petition that you indicate that there is 3.63 net mineral acres that remain  
9 unleased in the 160-acre unit. Is that still accurate?

10 A. That's right.

11 Q. I noticed that that appears to be approximately 2.26 percent of the unit. Is that correct?

12 A. That's correct.

13 Q. Are you seeking to force pool this without the imposition of risk penalty?

14 A. That's correct.

15 Q. How many people--how many different owners of unleased interest are we seeking to  
16 force pool here?

17 A. There are eight small lots with half interest minerals. The State of Alabama has river  
18 bottoms under the Bon Secour River which is approximately .7 acres.

19 Q. Have all of these people been contacted and noticed and offered an opportunity to lease  
20 or participate in this unit?

21 A. Yes.

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1 Q. Have any of these people agreed to do that?

2 A. No they haven't.

3 Q. Would a well drilled at this location to the best of your knowledge efficiently and  
4 economically drain the producible hydrocarbons from the unit?

5 A. I believe so.

6 Q. Avoid waste and prevent the drilling of unnecessary wells?

7 A. Yes.

8 Q. And protect the coequal and correlative rights of all the owners in the unit to the best of  
9 your knowledge?

10 A. Yes.

11 MR. PEARSON: As a matter of housekeeping I have, as the attorney, prepared certain  
12 affidavits of notice that have been submitted to the Board along with this petition showing that  
13 notice was mailed to all of the nonconsenting owners. That was filed previously along with the  
14 other things. I would be happy to answer any questions if anybody has any about this. I tender  
15 Mr. Albury to the Board and staff if they have any questions.

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

17 MR. ROGERS: Mr. Chairman, we have a letter from James Griggs, State Lands  
18 Director, stating no objection from the State. We have the proof of publication from the Baldwin  
19 County newspaper. We also have this Exhibit 1, a plat. Would you like to introduce that in the  
20 record?

1 MR. PEARSON: Yes. If I could, this is a plat showing the location of the Flowers  
2 Stewart 18-8, a location in the unit. It's not an exceptional location. It's a normal location  
3 within the field rules.

4 CHMN. MCCORQUODALE: Did you indicate, Mr. Pearson, that you also had an  
5 affidavit that you had prepared?

6 MR. PEARSON: I have prepared and filed that and I would tender that and ask you to  
7 accept that as far as notice to these various people in compliance with the Board's rules and  
8 regulations.

9 CHMN. MCCORQUODALE: All of the items that we have discussed are admitted into  
10 the record.

11 (Whereupon, the letter, affidavits and exhibit were  
12 received in evidence)

13 CHMN. MCCORQUODALE: Are there questions? Hearing none, the record will  
14 remain open as previously stated.

15 MR. PEARSON: The same housekeeping, if by chance some opposition shows up.

16 MR. ROGERS: Item 4, Docket No. 10-31-01-12, petition by Exxon Mobil Corporation  
17 relating to pipe and metering connections in Mobile County.

18 MR. WATSON: Continue the matter, Mr. Chairman.

19 CHMN. MCCORQUODALE: Any objection? Hearing none, the matter is continued.

20 MR. ROGERS: Item 5, Docket No. 10-31-01-15A, petition by El Paso Production  
21 Company.

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1 MR. HARRISON: Mr. Chairman, I'm Steve Harrison of Tuscaloosa representing El  
2 Paso. I have one witness I would like to have sworn, please.

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

4 MR. DICKENSON: Clay C. Dickinson, 645 Treymoor Lake Circle, Alabaster, Alabama.

5 (Witness was sworn by Mr. Rogers)

6 MR. DAMPIER: Mr. Harrison, I may have a technical conflict with this. If you guys  
7 want me to recuse myself I would be glad to do it. It's no big deal. I am involved in some  
8 litigation in which I think they are tangentially related because El Paso bought some Sonat.

9 CHMN. MCCORQUODALE: If El Paso wishes to waive that potential conflict we can go  
10 ahead and hear the evidence.

11 MR. HARRISON: We would be willing to that waive.

12 CHMN. MCCORQUODALE: Let the record reflect that they waive any potential  
13 conflict. Mr. Dampier is free to participate.

14 MR. HARRISON: Thank you, Mr. Dampier. Gentlemen, this is a petition to force pool  
15 a unit without risk compensation for the Cheney 16-13-291 Well, Permit No. 11638-C. That's  
16 located on a unit consisting of the Southwest Quarter of the Southwest Quarter of Section 16 and  
17 the Southeast Quarter of the Southeast Quarter of Section 17, Township 17 South, Range 7 West,  
18 Walker County, Alabama, in the White Oak Creek Coal Degasification Field. I have previously  
19 submitted an affidavit of publication that I would like to have admitted to the record, please.

20 CHMN. MCCORQUODALE: The affidavit is admitted.

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1 (Whereupon, the affidavit of publication was  
2 received in evidence)

3 MR. HARRISON: Also, I have submitted an affidavit of notice where we have notified  
4 the outstanding owners. I would like for that to be admitted.

5 CHMN. MCCORQUODALE: That is also admitted.

6 (Whereupon, the affidavit was received in evidence)

7 MR. HARRISON: Mr. Dickinson, have you previously testified before this Board?

8 MR. DICKINSON: No.

9 MR. HARRISON: Is there an affidavit of your qualifications on file with the Board?

10 MR. DICKINSON: Yes.

11 MR. HARRISON: Could you briefly describe what your qualifications are as an expert  
12 petroleum landman?

13 MR. DICKINSON: I am an Attorney at Law and an independent petroleum landman.  
14 I've been in the business since 1988 and have worked in the Black Warrior Basin and various  
15 other states during this time.

16 MR. HARRISON: I would ask that Mr. Dickinson be admitted.

17 CHMN. MCCORQUODALE: He is so recognized.

18 CLAY C. DICKINSON

19 Appearing as a witness on behalf of Petitioner, El Paso Production Company, testified as  
20 follows:

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## DIRECT EXAMINATION

Questions by Mr. Harrison:

Q. Mr. Dickinson, could you explain how these potential interest owners were identified?

A. Yes. They were identified pursuant to curative measures on the well. In looking over a partnership agreement it became a question as to whether the ownership was a 50-50 ownership or 1/3-2/3 ownership. Ultimately the potential interest that we are addressing here derives from that matter.

Q. How many interest owners are we talking about?

A. Three.

Q. Their interest is approximately 0.64 acres. Is that correct?

A. That's correct.

Q. Which is less than .8 of one percent of the unit?

A. That's correct.

Q. The reason that these potential interest owners were identified after the drilling of the well was simply title curative?

A. Yes.

Q. Mr. Dickinson, are you familiar with the term "waste" as defined by the statutes of the State of Alabama?

A. Yes.

Q. In your opinion, will granting this petition prevent waste?

A. Yes it will.



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1 Q. Will it protect the coequal and correlative rights of all owners in this unit?

2 A. Yes it will.

3 MR. HARRISON: We have nothing further, Mr. Chairman.

4 CHMN. MCCORQUODALE: Are there any questions by the Board or staff? Hearing  
5 none, as previously stated the record will remain open until the end of the day tomorrow.

6 MR. ROGERS: The next item is Item 6, Docket No. 10-31-01-16B, petition by Alabama  
7 Merit Energy Company, Inc. for the extension of the temporary abandoned status for certain  
8 wells in the Citronelle Field, Mobile County.

9 MR. SCOGIN: My name is Mark Scogin representing Alabama Merit Energy Company.  
10 This is a petition requesting the Board to approve the extension of the temporary abandoned  
11 status of certain wells for one year and to extend the Class II injection well permits on certain  
12 wells for one year, these wells being located in the Citronelle Field. A listing of the requested  
13 wells is attached to Exhibit "A" to the petition. We have filed two affidavits in support of the  
14 petition by Neil Nadrash who is a petroleum engineer for Alabama Merit Energy Company. I  
15 would request that those affidavits be admitted to the record.

16 CHMN. MCCORQUODALE: The affidavits are admitted.

17 (Whereupon, the affidavits were received in evidence)

18 MR. SCOGIN: There should be a proof of publication also with the Board for this item.

19 CHMN. MCCORQUODALE: That is also admitted.

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

1 MR. SCOGIN: I would ask that the petition be granted based upon the pleadings and the  
2 affidavits.

3 CHMN. MCCORQUODALE: Those are in evidence. Are the affidavits in order, Mr.  
4 Rogers?

5 MR. ROGERS: Yes, sir.

6 CHMN. MCCORQUODALE: Although Mr. Scogin is not a witness, does the staff have  
7 any questions?

8 DR. OLTZ: No.

9 CHMN. MCCORQUODALE: As previously stated, Mr. Scogin, the record will remain  
10 open until tomorrow.

11 MR. SCOGIN: Thank you.

12 MR. ROGERS: The next item is Item 7, Docket No. 12-6-01-1A, petition by Moon-  
13 Hines-Tigrett Operating Company, Inc. for force pooling.

14 MR. WATSON: Mr. Chairman, admit into the record the publication notice and my  
15 affidavit of notice in connection with this matter.

16 CHMN. MCCORQUODALE: They are admitted.

17 (Whereupon, the affidavits were received in evidence)

18 MR. WATSON: I have prefiled an affidavit of testimony of Scott Hines supporting the  
19 force pooling without imposition of the risk compensation fee of approximately five net mineral  
20 acres in a 320-acre unit consisting of the East Half of Section 6, Township 16 South, Range 11

1 West, Fayette County, in the Bankston Field. I would ask that that affidavit of testimony be  
2 admitted into the record.

3 CHMN. MCCORQUODALE: It is admitted.

4 (Whereupon, the affidavit was received in evidence)

5 MR. WATSON: And that you carry this matter forward under your previous stated  
6 procedure.

7 CHMN. MCCORQUODALE: Are there any questions?

8 MR. ROGERS: One question. We have the original petition filed, Mr. Watson, which  
9 was for force pooling with risk compensation. I see you had this letter and a green card to one of  
10 the nonconsenting owners. Do you want to have this admitted?

11 MR. WATSON: Let's admit it, it won't hurt. We will note that this is an amended  
12 petition where we deleted the imposition of the risk compensation.

13 CHMN. MCCORQUODALE: That is admitted.

14 (Whereupon, the letter with attached green card  
15 was received in evidence)

16 CHMN. MCCORQUODALE: The record will remain open until tomorrow.

17 MR. ROGERS: The next item is Item 8, Docket No. 12-6-01-2A, petition by Moon-  
18 Hines-Tigrett Operating Company, Inc.

19 MR. WATSON: Again, Mr. Chairman, admit the affidavit of notice and the proof of  
20 publication for this item.

21 CHMN. MCCORQUODALE: They are admitted.

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

MR. WATSON: I have prefiled an affidavit of testimony of Terry Tigrett in support of  
an exception to Rule 8 of the Special Field Rules for the County Line Field. I have copies of  
that. This is a lengthy affidavit but in simple terms it allows for the establishment of an  
allowable for production up the annulus. It cannot be shut in and tested under the Rule 8 for  
reserve calculations. I would ask that you admit Mr. Tigrett's affidavit under the same  
conditions that you specified for this Board hearing.

CHMN. MCCORQUODALE: The affidavit is admitted.

(Whereupon, the affidavit was received in evidence)

CHMN. MCCORQUODALE: Are there any questions?

DR. OLTZ: Mr. Chairman, I make a recommendation that the Board's production and  
engineering records for the County Line Field be incorporated.

CHMN. MCCORQUODALE: That request is also granted. The record will remain open  
until tomorrow.

(Whereupon, the production and engineering records  
for the County Line Field were incorporated by reference)

MR. ROGERS: The next item is Item 9, Docket No. 12-6-01-3, petition by Black  
Warrior Methane Corporation for an extension of the temporary abandoned status for wells in the  
Brookwood Coal Degasification Field.

MR. WATSON: Mr. Chairman, admit to the record the publication notices for this item.

1 CHMN. MCCORQUODALE: That request is granted. They are admitted.

2 (Whereupon, the proofs of publication were received in evidence)

3 MR. WATSON: I have prefiled an affidavit of testimony in support of this matter by Mr.  
4 R. G. Sanders and would ask that it be admitted into the record.

5 CHMN. MCCORQUODALE: The affidavit of Mr. Sanders is admitted.

6 (Whereupon, the affidavit was received in evidence)

7 MR. WATSON: Subject to your previous stated procedure for this hearing.

8 CHMN. MCCORQUODALE: The record remains open until tomorrow.

9 MR. ROGERS: The next item is Item 10, Docket No. 12-6-01-4A, petition by Black  
10 Warrior Methane Corporation for extension of the temporary abandoned status for certain wells  
11 in the Oak Grove Coal Degasification Field.

12 MR. WATSON: The publication notice that you have just admitted in the previous item  
13 also carried this item in its notice. I would note for the record that the publication notice is on  
14 file and has been accepted into the record.

15 CHMN. MCCORQUODALE: It will be admitted and made a part of this record also.

16 (Whereupon, a copy of the publication notice submitted  
17 in Item 9 that also carries this item was received in  
18 evidence)

19 MR. WATSON: I have prefiled an affidavit of testimony of Mr. R. G. Sanders in support  
20 of this request for the extension of temporary abandonment status and would ask that it be made  
21 a part of the record in accordance with the conditions stated for this hearing.

1 CHMN. MCCORQUODALE: The affidavit is admitted. Are there any questions?

2 Hearing none, the record remains open as previously stated.

3 (Whereupon, the affidavit was received in evidence)

4 MR. ROGERS: The next item then will be Item 11, Docket No. 12-6-01-5, petition by  
5 Exxon Mobil Corporation, requesting approval of an exception to certain blow-out prevention  
6 equipment and frequency of testing equipment under the Board's rules.

7 MR. WATSON: I have prefiled an affidavit of notice in this matter and also a copy of  
8 the proofs of publication. I would ask that those be admitted into the record.

9 CHMN. MCCORQUODALE: They are admitted.

10 (Whereupon, the affidavit and proofs of publication  
11 were received in evidence)

12 MR. DAMPIER: Mr. Watson, this is another one of those items where I have a potential  
13 conflict. Do you want to waive it on behalf of Exxon?

14 MR. WATSON: I'll waive that on behalf of Exxon Mobil, Mr. Dampier. This is a  
15 routine procedure. These matters have been handled many times before the Board. I have  
16 prefiled an affidavit of Mr. John B. Darby for the 64-2 well in the Bon Secour Field. I would ask  
17 that it be made a part of the record, Mr. Chairman.

18 CHMN. MCCORQUODALE: The affidavit is admitted.

19 (Whereupon, the affidavit was received in evidence)

20 MR. WATSON: I received a call this morning about a letter from the Department of  
21 Conservation and Natural Resources relative to this matter. Their position--I, of course, noticed

1 them. That is evidenced by the affidavit of notice. In previous items such as this the Department  
2 has not written a letter in Board Orders 2001-20 for 9768. It's rather routine. I did talk to Mr.  
3 Griggs this morning through Tom Joiner. They would be glad to get you a letter if you want to  
4 leave the record open for that. We've done it in some cases and not in some cases.

5 CHMN. MCCORQUODALE: We will leave the record open for that.

6 (Whereupon, the letter was received in evidence)

7 MR. ROGERS: Let's see, we had an affidavit of notice and proofs of publication. Those  
8 are due to be admitted.

9 MR. WATSON: They have been.

10 CHMN. MCCORQUODALE: They were admitted and then we have one other affidavit  
11 that was admitted also.

12 MR. ROGERS: The next item is Item 12, Docket No. 12-6-01-6, petition by Land and  
13 Natural Resource Development, Inc. Mr. Chairman, I'll just state that the attorney for the  
14 Petitioner notified us that The Tuscaloosa News did not publish this timely. Because of that, the  
15 petition is due to be continued. I think they are here to address this. Also, an emergency petition  
16 was granted--a petition filed by Land and Natural Resource Development, Inc.--this same matter  
17 and they are here to address the Board.

18 MR. CADE: That's correct, Mr. Chairman. Joe Cade here on behalf of Land and  
19 Natural Resource Development, Inc. on Item 12. I'll just bring the Board up-to-date. On  
20 September 28<sup>th</sup> you entered an order extending the temporarily abandoned status of these wells  
21 in Moundville Field until December 7<sup>th</sup>, which is tomorrow, with the stipulation that TECO and

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1 Land each plug three wells in October, a minimum of four in November, and then five in  
2 December and each month thereafter with a deadline of August 31, 2002, for either bringing  
3 these wells on line or plugging them. We did file our petition. The Tuscaloosa News did fail to  
4 publish as we requested and we are requesting that the petition be continued until the next  
5 regular meeting of the Board in January with the stipulation that the temporarily abandoned  
6 status be extended along with that. I do have Mr. Steve Wolf here today who is available to be  
7 sworn in and provide some testimony to this Board and its staff on the status of those operations  
8 and the plans for December and to answer any questions that you may have about this operation.  
9 So with that, I would ask that Mr. Wolf be sworn in.

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

11 MR. WOLF: Steve Wolf, Tuscaloosa, Alabama

12 (Witness was sworn by Mr. Rogers)

13 CHMN. MCCORQUODALE: Why don't you do this, Mr. Wolf, because obviously you  
14 have the publication problem, but just for our information why don't you give us a real brief  
15 status report and maybe explain the document that was handed up.

16 STEVE WOLF

17 Appearing on behalf of Land & Natural Resource Development, Inc. testified as follows:

18 MR. WOLF: Addressing first the emergency hearing for four wells that were not  
19 completely plugged by the end of November. Those wells were plugged on November 30<sup>th</sup> and  
20 the plates were welded Monday, December 3<sup>rd</sup>. We learned a lesson there. We had started ten  
21 days before the end of the month but that was the beginning of the Thanksgiving weekend and



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1 our landowners requested that we not go on there because of hunting season. We have already  
2 commenced two of the wells that we would be plugging in December. I have given you a list  
3 that reflects a letter that we will bring to the staff this afternoon requesting permission for enough  
4 wells to handle our December and January obligations. We will commence plugging our  
5 December wells to make sure they are done before Christmas. Meanwhile, there has never been  
6 more parties looking at Moundville Field for the possibility of an active program. We are  
7 exchanging letters of intent this morning. Those may or may not develop with that particular  
8 party but we are convinced that all these wells have future utility and we are working as hard as  
9 we can to proceed along those lines. We will inform you if there is a development that merits  
10 your consideration.

11 (Whereupon, a listing of wells for plugging  
12 was received in evidence)

13 CHMN. MCCOQUODALE: Thank you. Are there any questions?

14 MR. CADE: Mr. Chairman, I have a question from a procedural standpoint. What we  
15 were hoping to be able to do today is to provide some sworn testimony to be incorporated into  
16 the record in support of this petition which will obviously have to be revisited in January. So, we  
17 would like to go ahead and have these matter incorporated in support of the petition and in the  
18 event additional information is needed in January we are obviously prepared to provide that. If  
19 there is no opposition or no new information needed we would ask that it be incorporated in  
20 support of our petition when it is officially heard in January. I do believe there is also a letter

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1 from TECO in support of this petition dated November 21<sup>st</sup> of this year. I would ask that that be  
2 incorporated into the record.

3 CHMN. MCCORQUODALE: That will be admitted and made a part of the record.

4 (Whereupon, the letter was received in evidence)

5 CHMN. MCCORQUODALE: I guess what you are saying is that we can't rule today on  
6 the request to continue the temporary abandoned status. All we can do is continue it at the end of  
7 the day tomorrow and rule that it will be continued and remain in a temporary abandoned status  
8 until we revisit this.

9 MR. CADE: That's correct. Normally we would be back in January to provide a full  
10 presentation. We would like to have what is provided today to be provided under oath and  
11 incorporated into the record.

12 CHMN. MCCORQUODALE: Why don't we do it this way, not to interrupt you, Mr.  
13 Cade, but we will admit the document today. We have obviously taken some testimony from  
14 Mr. Wolf. This will be continued until the next regular meeting of the Board. In the meantime,  
15 unless we hear differently from somebody tomorrow--of course the record will have to remain  
16 open, the status will remain the same. If we need to hear anything additional from Mr. Wolf or  
17 your client at the next meeting, we will notify you of that. Otherwise, we will incorporate this  
18 testimony for the purposes of that hearing.

19 MR. CADE: Thank you. That's what we are asking for.

20 CHMN. MCCORQUOLE: Is that what you were asking for?

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Item 12

Item 13

1 MR. CADE: Yes, sir. If you have any questions Mr. Wolf would be happy to answer  
2 those.

3 CHMN. MCCORQUODALE: This will remain open until tomorrow.

4 MR. ROGERS: The next item then is just dealing with the Board's motions. We do  
5 have another item, Item 21.

6 CHMN. MCCORQUODALE: As fast as it is going, you can just go right on straight  
7 through it looks like to me, unless somebody objects. Hearing none, keep moving.

8 MR. ROGERS: Item 13, Docket No 9-26-01-20, is a Motion by the Board to amend  
9 Rule 400-7-2-.01 related to forced integration or forced pooling to clarify certain language  
10 relating to the expiration of forced pooling and force integration orders. Mr. Chairman, we have  
11 notified operators, attorneys and interested parties of this Motion. We have a copy of the  
12 proposed rule and would request that it be admitted into the record.

13 CHMN. MCCORQUODALE: That will be made a part of the record.

14 (Whereupon, a copy of the proposed rule was received in evidence)

15 MR. ROGERS: And the memorandum where we notified all the operators, attorneys and  
16 others of the proposed rule.

17 CHMN. MCCORQUODALE: That is also admitted.

18 (Whereupon, the memorandum was received in evidence)

19 MR. ROGERS: I have a letter from Mr. Brooker addressing this motion. We would  
20 request that the letter be admitted.

21 CHMN. MCCORQUODALE: That is admitted.

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Item 13

Item 14

Items 15, 16, 17  
18, 19, 20

1 (Whereupon, the letter was received in evidence)

2 MR. ROGERS: We also have a letter from Mr. Watson that was admitted at the last  
3 hearing dated August 16, 2001. Would you like that to be admitted, Mr. Watson? Actually I  
4 think it was already admitted prior when it came up before, so it's already in the record.

5 CHMN. MCCORQUODALE: Are there any comments at this time? Hearing none, the  
6 record will remain open as previously stated.

7 MR. ROGERS: The next item is Item 14, Docket No. 10-31-01-18, a Motion by the  
8 Board to amend Rule 4 of the Special Field Rules of the Citronelle Field, Mobile County,  
9 relating to the drilling, completion, and plugging operations.

10 CHMN. MCCORQUODALE: Are there any comments? Do you have anything to put in  
11 the record?

12 MR. ROGERS: Yes, sir. We have a proof of publication from the Mobile Register. We  
13 have a letter where we notified Mr. Scogin, Counsel for Merit, the operator of the field, and a  
14 copy of the proposed Special Field Rules.

15 CHMN. MCCORQUODALE: All of those are admitted.

16 (Whereupon, the proof of publication, letter and  
17 Special Field Rules were received in evidence)

18 CHMN. MCCORQUODALE: Hearing no comments, the matter will remain open until  
19 tomorrow.

20 MR. ROGERS: The next item is Item 15, Docket No. 12-6-01-7, a Motion by the Board  
21 to amend Rule 400-1-2-.05 relating to change of operator. Item 15, Item 16, Item 17, Item 18,

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1 Item 19, and Item 20 all relate to the same matter, changing the rules relating to change of  
2 operator.

3 MR. MASINGILL: And transportation.

4 MR. ROGERS: Change of operator and transporter. All those can be consolidated.

5 CHMN. MCCORQUODALE: What we can do is consolidate all of those items to which  
6 you have referred for purposes of this hearing. All of the notices of publication are admitted into  
7 the record on each of the items. Are there any other matters of evidence other than the notice  
8 matters that need to be admitted, Mr. Rogers, on any of these?

9 (Whereupon, the proofs of publication were received in evidence)

10 MR. ROGERS: Just the proposed rule change.

11 CHMN. MCCORQUODALE: All of the proposed rules changes are admitted into the  
12 record in each of the items.

13 (Whereupon, the proposed rules changes were  
14 received in evidence)

15 CHMN. MCCORQUODALE: Are there any comments on any items or any one of the  
16 items, 15, 16, 17, 18, 19 or 20?

17 MR. WATSON: Mr. Chairman, on behalf of the Oil and Gas Association, we support  
18 these rules.

19 CHMN. MCCORQUODALE: Thank you, Mr. Watson. Are there any other comments?  
20 Hearing no other comments, all of those matters are continued until tomorrow and the record will  
21 remain open.

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1 Item 19, and Item 20 all relate to the same matter, changing the rules relating to change of  
2 operator.

3 MR. MASINGILL: And transportation.

4 MR. ROGERS: Change of operator and transporter. All those can be consolidated.

5 CHMN. MCCORQUODALE: What we can do is consolidate all of those items to which  
6 you have referred for purposes of this hearing. All of the notice of publication are admitted into  
7 the record on each of the items. Are there any other matters of evidence other than the notice  
8 matters that need to be admitted, Mr. Rogers, on any of these?

9 (Whereupon, the proofs of publication were received in evidence)

10 MR. ROGERS: Just the proposed rule change.

11 CHMN. MCCORQUODALE: All of the proposed rules changes are admitted into the  
12 record in each of the items.

13 (Whereupon, the proposed rules changes were  
14 received in evidence)

15 CHMN. MCCORQUODALE: Are there any comments on any items or any one of the  
16 items, 15, 16, 17, 18, 19 or 20?

17 MR. WATSON: Mr. Chairman, on behalf of the Oil and Gas Association, we support  
18 these rules.

19 CHMN. MCCORQUODALE: Thank you, Mr. Watson. Are there any other comments?  
20 Hearing no other comments, all of those matters are continued until tomorrow and the record will  
21 remain open.

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1 MR. ROGERS: The last item is Item 21, Docket No. 12-6-01-13, petition by S. Lavon  
2 Evans, Jr. Operating Company, Inc.

3 MR. TYRA: Again I'm John Tyra here on behalf of S. Lavon Evans, Jr. Operating  
4 Company. This docket is a request for an exceptional location for a well in Marion County,  
5 Alabama. It's the McDonald 28-3 No. 1 well. The location is 520 feet from the North line and  
6 660 feet from the East line. Just a quick history. In October we presented this matter under  
7 Docket No. 10-31-01-13. It was approved and we stated that our location was 550 feet from the  
8 North line. When we got out here and actually got ready to drill it that location was necessary to  
9 be 200 feet from a residence. We got out there and were ready to drill it and, in fact, the location  
10 was 520 feet. So, at that time we filed an emergency petition on November 15 under Docket  
11 No. 11-15-01-1. We received an emergency order allowing us to drill at 520 feet rather than the  
12 550 feet. What we are doing today is making permanent that emergency order of November  
13 15<sup>th</sup>. First we have a proof of publication that I would like to be made a part of the record.

14 CHMN. MCCORQUODALE: It is admitted.

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

16 MR. TYRA: Also, I would like to incorporate the testimony and the exhibits from  
17 Docket No. 10-31-01-13 which results in Order No. 2001-178.

18 CHMN. MCCORQUODALE: That request is granted.

19 (Whereupon, testimony and exhibits related to Order No.

20 2001-178 was incorporated by reference)

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1 MR. TYRA: I would also like to incorporate the matters filed under the emergency  
2 petition, Docket No. 11-15-01-1, that resulted in Emergency Order No. E-2001-179.

3 CHMN. MCCORQUODALE: That request is also granted.

4 (Whereupon, Order No. E-2001-179 was incorporated by reference)

5 MR. TYRA: Finally, I have submitted an affidavit of testimony of S. Lavon Evans,  
6 President of the company, explaining what has transpired and happened. I would ask that that be  
7 made a part of the record as well.

8 CHMN. MCCORQUODALE: The affidavit is admitted.

9 (Whereupon, the affidavit was received in evidence)

10 MR. TYRA: We will submit this to you on the basis of that affidavit and the other  
11 matters that were incorporated.

12 CHMN. MCCORQUODALE: Are there any questions? Hearing none, the matter will  
13 be continued until tomorrow and the record will remain open.

14 MR. TYRA: Thank you.

15 MR. ROGERS: Mr. Chairman, that's all the items to be heard today.

16 CHMN. MCCORQUODALE: We stand adjourned.

17 (Whereupon, the hearing was adjourned at 10:53 a.m.)



December 6, 2001

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 Thursday, December 6, 2001, in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, I reported the proceedings before the State Oil and Gas Board in Regular Session; that the foregoing 39 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