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McM
5-31-02

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Board Exhibit	Hearing Officer Report	10	10
Exhibit A (Items 6, 7 & 8)	Topographic map of the Monroeville area (Mike Roberts)	56	56
Exhibit B (Items 6, 7 & 8)	Unit map, North Monroeville Field- Wide Oil Unit (Gregory Zerrahn)	56	56
Exhibit C (Items 6, 7 & 8)	Listing of description and tract participation of each tract, North Monroeville Field-Wide Oil Unit (Gregory Zerrahn)	56	56
Exhibit D-1 (Items 6, 7 & 8)	Type log, Vanity 'Fair 1-9 No. 2 Well North Monroeville Field (Gregory Zerrahn)	56	56
Exhibit D-2 (Items 6, 7 & 8)	Type log, McCall 1-7 No. 1 Well North Monroeville Field (Gregory Zerrahn)	56	56
Exhibit D-3 (Items 6, 7 & 8)	Type log, McCall 1-11 No. 1 Well, North Monroeville Field (Gregory Zerrahn)	56	56
Exhibit E-1 (Items 6, 7 & 8)	Core report, Vanity Fair 1-9 No. 2 Well, North Monroeville Field (Gregory Zerrahn)	56	56

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit E-2 (Items 6, 7 & 8)	Core report, McCall 1-7 No. 1 Well, North Monroeville Field (Gregory Zerrahn)	56	56
Exhibit E-3 (Items 6, 7 & 8)	Core report, McCall 1-11 No. 1 Well, North Monroeville Field (Gregory Zerrahn)	56	56
Exhibit F-1 (Items 6, 7 & 8)	Directional survey report, McCall 1-7 No. 1 Well, North Monroeville Field (Gregory Zerrahn)	56	56
Exhibit F-2 (Items 6, 7 & 8)	Directional survey report, McCall 1-11 No. 1 Well, North Monroeville Field (Gregory Zerrahn)	56	56
Exhibit G-1 (Items 6, 7 & 8)	Well data worksheet, Vanity Fair 1-9 No. 2 Well, North Monroeville Field (Gregory Zerrahn)	56	56
Exhibit G-2 (Items 6, 7 & 8)	Well data worksheet, McCall 1-7 No. 1 Well, North Monroeville Field (Gregory Zerrahn)	56	56
Exhibit G-3 (Items 6, 7 & 8)	Well data worksheet, McCall 1-11 No. 1 Well, North Monroeville Field (Gregory Zerrahn)	56	56

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit H (Items 6,7 & 8)	Structure map, Frisco City sand, North Monroeville Field (Mike Roberts)	56	56
Exhibit I (Items 6, 7 & 8)	Structural cross section, North Monroeville Field (Gregory Zerrahn)	56	56
Exhibit J (Items 6, 7 & 8)	Isopach map, Frisco City sand, North Monroeville Field (Mike Roberts)	56	56
Exhibit K-1 (Items 6, 7 & 8)	Geometry diagram, North Monroeville Field (Mike Roberts)	56	56
Exhibit K-2 (Items 6, 7 & 8)	Method used to map gross reservoir thickness above water level, North Monroeville Field (Mike Roberts)	56	56
Exhibit L (Items 6, 7 & 8)	Chart of rock and fluid properties, North Monroeville Field (Jerry Elgin)	56	56
Exhibit M (Items 6, 7 & 8)	Chart of well production data, North Monroeville Field (Jerry Elgin)	56	56
Exhibit N-1 (Items 6, 7 & 8)	Form OGB-9, Vanity Fair 1-9 No. 2 Well North Monroeville Field (Jerry Elgin)	56	56

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit N-2 (Items 6, 7 & 8)	Form OGB-9, McCall 1-7 No. 1 Well North Monroeville Field (Jerry Elgin)	56	56
Exhibit N-3 (Items 6, 7 & 8)	Form OGB-9, McCall 1-1 No. 1 Well North Monroeville Field (Jerry Elgin)	56	56
Exhibit O (Items 6, 7 & 8)	Pay thickness definition North Monroeville Field- (Jerry Elgin)	56	56
Exhibit P (Items 6, 7 & 8)	Unit formula, North Monroeville Field- Wide Oil Unit (Jerry Elgin)	56	56
Exhibit Q-1 (Items 6, 7 & 8)	Examples of determination of well productivity parameters, North Monroeville Field-Wide Oil Unit (Jerry Elgin)	56	56
Exhibit Q-2 (Items 6, 7 & 8)	Well location plat showing example of well productivity parameter North Monroeville Field-Wide Oil Unit (Jerry Elgin)	56	56
Exhibit Q-3 (Items 6, 7 & 8)	Determination of well productivity parameters, North Monroeville Field Wide-Oil Unit (Jerry Elgin)	56	56

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit Q-4 (Items 6, 7 & 8)	Well location of actual determination of well productivity parameters North Monroeville (Jerry Elgin)	56	56
Exhibit R (Items 6, 7 & 8)	Chart of determination of tract participation of original unit North Monroeville Unitization (Jerry Elgin)	56	56
Exhibit S (Items 6, 7 & 8)	Redetermination procedure North Monroeville Field-Wide Oil Unit (Jerry Elgin)	56	56
Exhibit T (Items 6, 7 & 8)	Chart of conversion of gross productive volume to net productive volume, North Monroeville Unitization (Jerry Elgin)	56	56
Exhibit U Items 6, 7 & 8)	Chart of determination of tract participation of enlarged unit, North Monroeville Unitization (Jerry Elgin)	56	56
Exhibit 1 through 7 (Items 6, 7 & 8)	Confidential seismic (Mike Roberts)	56	56
Exhibit 8 (Items 6, 7 & 8)	Affidavit of confidentiality with attached letter (William T. Watson)	31	31

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 9 (Items 6, 7 & 8)	Proof of publication of a public notice The Monroe Journal	22	22
Exhibit 10 (Items 6, 7 & 8)	Affidavit of notice (William T. Watson)	22	22
Exhibit 11 (Items 6, 7 & 8)	Affidavit of notice (William T. Watson)	22	22
Exhibit 12 (Items 6, 7 & 8)	Affidavit of notice (William T. Watson)	22	22
Exhibit 13 (Items 6, 7 & 8)	Ratification form for approval of Unit Agreement and Unit Operating Agreement for royalty and overriding royalty owners (Greg Cooper)	55	55
Exhibit 14 (Items 6, 7 & 8)	Ratification form for approval of Unit Agreement and Unit Operating Agreement for working interest owners (Greg Cooper)	55	55
Exhibit 15 (Items 6, 7 & 8)	Amendment to Unit Operating Agreement North Monroeville Field-Wide Oil Unit, (Greg Cooper)	55	55
Exhibit 16 (Items 6, 7 & 8)	First amendment to Unit Agreement, North Monroeville Field-Wide Oil Unit (Greg Cooper)	55	55

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 17 (Items 6, 7 & 8)	Spreadsheet of Mineral and/or mineral owners North Monroeville Field (Greg Cooper)	55	55
Exhibit 18 (Items 6, 7 & 8)	4/18/02 letter to William T. Watson and John F. Tyra (James J. Sledge)	56	56
Exhibit 19 (Items 6, 7 & 8)	4/12/02 letter to Board (John M. Locklin)	56	56
Exhibit A (Item 18)	Special Field Rules Turkey Creek Field	61	61

EXHIBITS
(Incorporated by Reference)

DESCRIPTION	OFFERED	RECEIVED
Order No. 98-71 and related record	23	23

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

April 19, 2002

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 19th day of April, 2002.

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. MasingillAssistant Supervisor

Dr. David E. BolinAssistant Supervisor

Mr. Richard Hamilton..... Engineer

Mr. Tom Sexton..... Geologist

APPEARANCES

NAME	REPRESENTING
1. Steven Wolf Tuscaloosa, AL	Land, Inc.
2. Tom Watson Tuscaloosa, AL	Palmer Petroleum, Inc.
3. Jerry Elgin Shreveport, LA	Palmer Petroleum, Inc.
4. Greg Zerrahn Shreveport, LA	Palmer Petroleum, Inc.
5. Michael Roberts Shreveport, LA	Palmer Petroleum, Inc.
6. Greg Cooper Monroeville, AL	Palmer Petroleum, Inc.

1 (The Hearing was convened at 10:05 a.m.
2 on April 19, 2002, at Tuscaloosa, Alabama.)

3
4 (Mr. Metcalfe was absent)

5
6
7
8 CHMN. MCCORQUODALE: Let the record reflect that the State Oil and Gas Board is
9 now in session.

10 DR. OLTZ: Mr. Chairman, the staff has prepared a docket for today's hearing.

11
12 AGENDA
13 STATE OIL AND GAS BOARD OF ALABAMA
14 APRIL 17 & 19, 2002

15
16 The State Oil and Gas Board of Alabama will hold its regular Board Meeting at
17 10:00 a.m. on Wednesday, April 17, and Friday, April 19, 2002, in the Board
18 Room of the State Oil and Gas Board, Walter B. Jones Hall, University of
19 Alabama Campus, 420 Hackberry Lane, Tuscaloosa, Alabama, to consider among
20 other items, the following petition(s):

21
22 1. DOCKET NO. 10-31-01-12

23 Continued petition by EXXON MOBIL CORPORATION, a foreign corporation
24 authorized to do and doing business in the State of Alabama, requesting the State Oil
25 and Gas Board to enter an order in accordance with the terms and conditions of
26 Rules 400-1-7-01 and 400-2-6-.10(4)(b) of the State Oil and Gas Board of Alabama
27 Administrative Code approving the installation of bi-directional piping and metering
28 connections for the installation of approved meters to the inlet pipelines of its Mary
29 Ann Treating Facility, Mobile 823 Treating Facility and the Onshore Treating
30 Facility in order to allow production from Petitioner's offshore leases to be treated in
31 any of these three (3) ExxonMobil operated onshore facilities located in Coden,
32 Mobile County, Alabama. Petitioner's initial pipeline installation will include one
33 12-inch gas pipeline, one 8-inch gas pipeline, one 6-inch liquid pipeline, one 4-inch
34 liquid pipeline and one 4-inch utility line, each approximately 1000 feet in length.
35 The installation of such pipelines will afford Petitioner greater flexibility in directing
36 flow in order to best utilize plant capacity, meet operational needs, and maximize the
37 production of Alabama's offshore hydrocarbon resources.

1 2. DOCKET NO. 2-13-02-1

2 Continued petition by BLACK WARRIOR METHANE CORP., an Alabama
3 corporation, requesting the State Oil and Gas Board to enter an order reforming
4 the unit for the Champion/Alawest 08-06-299 Well, Permit No. 12223-C, from an
5 80-acre unit consisting of the South Half of the Northwest Quarter of Section 8,
6 Township 20 South, Range 8 West, Tuscaloosa County, Alabama, in the
7 Brookwood Coal Degasification Field, to a 40-acre unit consisting of the
8 Southeast Quarter of the Northwest Quarter of Section 8, Township 20 South,
9 Range 8 West, Tuscaloosa County, Alabama.

10
11 3. DOCKET NO. 2-13-02-2

12 Continued petition by BLACK WARRIOR METHANE CORP., an Alabama
13 corporation, requesting the State Oil and Gas Board to enter an order reforming
14 the unit for the Champion/Alawest 08-03-308 Well, Permit No. 12224-C, from an
15 80-acre unit consisting of the North Half of the Northwest Quarter of Section 8,
16 Township 20 South, Range 8 West, Tuscaloosa County, Alabama, in the
17 Brookwood Coal Degasification Field, to a 40-acre unit consisting of the
18 Northeast Quarter of the Northwest Quarter of Section 8, Township 20 South,
19 Range 8 West, Tuscaloosa County, Alabama.

20
21 4. DOCKET NO. 3-13-02-8A

22 Continued amended petition by LAND and NATURAL RESOURCE
23 DEVELOPMENT, INC., an Alabama corporation, requesting the Board to further
24 address the Temporarily Abandoned Status for 169 wells, 51 wells which are
25 operated by Land and Natural Resource Development, Inc. and 118 wells which
26 are operated by TECO Coalbed Methane, Inc., all of which are located in the
27 Moundville Field, Tuscaloosa and Hale Counties, Alabama. The Board addressed
28 the status of these wells through various orders, by which operators Land and
29 Natural Resource Development, Inc. and TECO Coalbed Methane, Inc. were
30 ordered to commence operations to plug and abandon wells, and that all wells
31 shall be plugged and abandoned by August 31, 2002. Petitioner also asks the
32 Board to issue an order to reduce the total number of wells to be plugged,
33 beginning April 1, 2002, through August 31, 2002, from a cumulative total of ten
34 (10) wells per month to a cumulative total of five (5) wells per month, either wells
35 operated by TECO or wells operated by Petitioner, and to extend the time by
36 which all wells would be plugged and abandoned to August 31, 2003. Petitioner
37 owns an interest in said wells and alleges that said wells have future utility. The
38 wells are located in the following Sections:

39
40 Township 23 North, Range 3 East
41 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, 3, 4, 5, 7, 8, 9, 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

5. DOCKET NO. 3-13-02-9

Continued petition by MEDALLION EXPLORATION, 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, from the proposed re-entry of the Keasler 4-2 #1 Well, Permit No. 5567, located on a proposed 320-acre wildcat unit consisting of the North Half of Section 4, Township 19 South, Range 15 West, Pickens County, Alabama.

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.

6. DOCKET NO. 3-13-02-15

Continued petition by PALMER PETROLEUM, 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 finding that the contribution of the separately owned Tracts in the North Monroeville Field-Wide Oil Unit have been shown to be erroneous by subsequently discovered data from the drilling and completion of the McCall 1-7 #1 Well, Permit No. 12264-B, and the McCall 1-11 #1 Well, Permit No. 12265-B both in Section 1, Township 6 North, Range 7 East, Monroe County, Alabama, in the North Monroeville Field. The Unit Operator has calculated the new Tract Participations to reflect the altered Tract contribution and requests the Board to approve the corrected Tract Participation of each Tract in the North Monroeville Field-Wide Oil Unit in Monroe County, Alabama.

1 The redetermination of Unit Tract participation factors for the North Monroeville
2 Field-Wide Oil Unit, Monroe County, Alabama, is in accordance with the provisions
3 of the Unit Agreement and Section 9-17-86 of the Code of Alabama (1975).
4

5 This petition is filed as a companion to petition bearing Docket No. 3-13-02-16
6 requesting an order enlarging the Unit Area of the North Monroeville Field-Wide
7 Oil Unit and a petition bearing Docket No. 3-13-02-17 requesting an amendment to
8 Rule 1 of the Special Field Rules for the North Monroeville Field to add to the field
9 limits of said Field.
10

11 7. DOCKET NO. 3-13-02-16

12 Continued petition by PALMER PETROLEUM, INC., a foreign corporation,
13 authorized to do and doing business in the State of Alabama, requesting the State
14 Oil and Gas Board to enter an order amending Rule 15 of the Special Field Rules
15 for the North Monroeville Field by enlarging the "Unit Area" of the North
16 Monroeville Field-Wide Oil Unit as described in the Unit Agreement and Board
17 Order No. 98-71 so that, as enlarged, the Unit Area will consist of the following:

18 South Half of the Southeast Quarter of Section 35; South Half of the Southwest
19 Quarter and the Southwest Quarter of the Southeast Quarter of Section 36, Township
20 7 North, Range 7 East; all of Section 1, less and except the Northeast Quarter of the
21 Northeast Quarter; all of the Northeast Quarter, less and except the Southwest
22 Quarter of the Northeast Quarter; all of the Southeast Quarter; and the East Half of
23 the Northeast Quarter of the Southwest Quarter, all in Section 2; the Northeast
24 Quarter of the Northeast Quarter of Section 11; and the North Half of the Northwest
25 Quarter and the Northwest Quarter of the Northeast Quarter, all in Section 12, all in
26 Township 6 North, Range 7 East, Monroe County, Alabama.
27

28 This request is in accordance with Article 11 of the Unit Agreement and said
29 proposed enlargement is subject to approval by the owners of at least sixty-six
30 and two-thirds percent (66 2/3%) in interests as costs are shared, and by at least
31 sixty-six and two-thirds percent (66 2/3%) in interests of royalty and overriding
32 royalty owners in the area to be added to the North Monroeville Field-Wide Oil
33 Unit.
34

35 This petition is filed as a companion to petition bearing Docket No. 3-13-02-15
36 requesting redetermination of Unit Tract participation factors for the North
37 Monroeville Field-Wide Oil Unit and a petition bearing Docket No. 3-13-02-17
38 requesting an amendment to Rule 1 of the Special Field Rules for the North
39 Monroeville Field to add to the field limits.

1 8. DOCKET NO. 3-13-02-17

2 Continued petition by PALMER PETROLEUM, INC., a foreign corporation,
3 authorized to do and doing business in the State of Alabama, requesting the State
4 Oil and Gas Board to enter an order amending Rule 1 of the Special Field Rules
5 for the North Monroeville Field to add the following described parcels to the field
6 limits of said field:

7
8 South Half of the Southeast Quarter of Section 35 and the South Half of the
9 Southwest Quarter and the Southwest Quarter of the Southeast Quarter of Section
10 36, all in Township 7 North, Range 7 East; and the Northwest Quarter of the
11 Northeast Quarter of Section 1, the Northwest Quarter of the Northeast Quarter and
12 the Southeast Quarter and the East Half of the Northeast Quarter of the Southwest
13 Quarter, all in Section 2; the Northeast Quarter of the Northeast Quarter of Section
14 11; and the North Half of the Northwest Quarter and the Northwest Quarter of the
15 Northeast Quarter, all in Section 12, Township 6 North, Range 7 East, Monroe
16 County, Alabama.

17
18 This petition is filed as a companion to petition bearing Docket No. 3-13-02-15
19 requesting redetermination of Unit Tract participation factors for the North
20 Monroeville Field-Wide Oil Unit and a petition bearing Docket No. 3-13-02-16
21 requesting an order enlarging the Unit Area of the North Monroeville Field-Wide
22 Oil Unit.

23
24 9. DOCKET NO. 4-17-02-1

25 Petition by EL PASO PRODUCTION COMPANY, a foreign corporation
26 authorized to do and doing business in the State of Alabama, requesting the State
27 Oil and Gas Board of Alabama to enter an order force pooling, without imposition
28 of the risk compensation fee, all tracts and interests in hydrocarbons produced
29 from the East Half of the Northeast Quarter of Section 33, Township 17 South,
30 Range 5 West, Jefferson County, Alabama, in the Short Creek Coal
31 Degasification Field. This Petition is in accordance with Section 9-17-13, Code
32 of Alabama (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas
33 Board of Alabama Administrative Code.

34
35 10. DOCKET NO. 4-17-02-2

36 Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation,
37 requesting the State Oil and Gas Board to enter an order confirming that natural gas
38 produced from the USX-TAURUS-89-19-8-22-11-889, Permit No. 7011-C, is
39 occluded natural gas produced from coal seams in the Oak Grove Coal
40 Degasification Field, Tuscaloosa County, Alabama. Petitioner avers that the above-
41 described well produces from coal seams and qualified under Section

1 107(c)(3)(High Cost Natural Gas) of the former Natural Gas Policy Act (NGPA),
2 15 U.S.C. 3413.
3

4 11. DOCKET NO. 4-17-02-3

5 Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation,
6 requesting the State Oil and Gas Board to enter an order confirming that natural gas
7 produced from the USX-TAURUS-88-18-7-34-11 #781, Permit No. 6072-C, is
8 occluded natural gas produced from coal seams in the Oak Grove Coal
9 Degasification Field, Jefferson County, Alabama. Petitioner avers that the above-
10 described well produces from coal seams and qualified under Section
11 107(c)(3)(High Cost Natural Gas) of the former Natural Gas Policy Act (NGPA),
12 15 U.S.C. 3413.
13

14 12. DOCKET NO. 4-17-02-4

15 Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation,
16 requesting the State Oil and Gas Board to enter an order confirming that natural gas
17 produced from the USX-TAURUS-89-18-7-33-15-777, Permit No. 6174-C, is
18 occluded natural gas produced from coal seams in the Oak Grove Coal
19 Degasification Field, Jefferson County, Alabama. Petitioner avers that the above-
20 described well produces from coal seams and qualified under Section
21 107(c)(3)(High Cost Natural Gas) of the former Natural Gas Policy Act (NGPA),
22 15 U.S.C. 3413.
23

24 13. DOCKET NO. 4-17-02-5

25 Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation,
26 requesting the State Oil and Gas Board to enter an order confirming that natural gas
27 produced from the USX-TAURUS-89-18-7-33-7-775, Permit No. 6099-C, is
28 occluded natural gas produced from coal seams in the Oak Grove Coal
29 Degasification Field, Jefferson County, Alabama. Petitioner avers that the above-
30 described well produces from coal seams and qualified under Section
31 107(c)(3)(High Cost Natural Gas) of the former Natural Gas Policy Act (NGPA),
32 15 U.S.C. 3413.
33

34 14. DOCKET NO. 4-17-02-6

35 Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation,
36 requesting the State Oil and Gas Board to enter an order confirming that natural gas
37 produced from the USX-TAURUS-88-18-7-28-10-749, Permit No. 6098-C, is
38 occluded natural gas produced from coal seams in the Oak Grove Coal
39 Degasification Field, Jefferson County, Alabama. Petitioner avers that the above-
40 described well produces from coal seams and qualified under Section

1 107(c)(3)(High Cost Natural Gas) of the former Natural Gas Policy Act (NGPA),
2 15 U.S.C. 3413.
3

4 15. DOCKET NO. 4-17-02-7

5 Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation,
6 requesting the State Oil and Gas Board to enter an order confirming that natural gas
7 produced from the USX-TAURUS-88-18-7-27-12 #745, Permit No. 6067-C, is
8 occluded natural gas produced from coal seams in the Oak Grove Coal
9 Degasification Field, Jefferson County, Alabama. Petitioner avers that the above-
10 described well produces from coal seams and qualified under Section
11 107(c)(3)(High Cost Natural Gas) of the former Natural Gas Policy Act (NGPA),
12 15 U.S.C. 3413.
13

14 16. DOCKET NO. 4-17-02-8

15 Petition by BLACK WARRIOR METHANE CORPORATION, an Alabama
16 corporation, requesting the State Oil and Gas Board to enter an order reforming
17 the unit for the JWR 29-9-264 Well, Permit No. 11871-C, from an 80-acre unit
18 consisting of the East Half of the Southeast Quarter of Section 29, Township 19
19 South, Range 7 West, Tuscaloosa County, Alabama in the Brookwood Coal
20 Degasification Field, to a 40-acre unit consisting of the Northeast Quarter of the
21 Southeast Quarter of Section 29, Township 19 South, Range 7 West, Tuscaloosa
22 County, Alabama.
23

24 17. DOCKET NO. 4-17-02-9

25 Petition by MUNOCO COMPANY, L.C., a foreign corporation authorized to do
26 and doing business in the State of Alabama, requesting the State Oil and Gas Board
27 to name a new gas field in Lamar County, Alabama, the East Mt. Zion Field, or such
28 other name as the Board deems proper, and to adopt Special Field Rules therefor.
29 The proposed field, as underlain by the Lewis Sand Gas Pool, consists of the North
30 Half of Section 23, Township 16 South, Range 15 West, Lamar County, Alabama.
31 The Lewis Sand Gas Pool is defined as that interval productive of hydrocarbons
32 between 4,923 feet and 4,927 feet as indicated on the High Resolution Induction Log
33 for the Richards 23-5 No. 1 Well, Permit No. 12294, and all zones in
34 communication therewith and all productive extensions thereof. Petitioner is
35 requesting well spacing of 320 contiguous surface acres, and is also requesting the
36 establishment of allowables for said field.
37

38 18. DOCKET NO. 4-17-02-10

39 MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend
40 the Special Field Rules of the Turkey Creek Field, Choctaw and Clarke Counties
41 Alabama, in order to update and clarify the language in certain rules.

1 The meetings of the State Oil and Gas Board are public meetings, and members of
2 the public are invited to attend and present their position concerning this
3 petition(s). Requests to continue or oppose a petition should be received by the
4 Board at least two (2) days prior to the hearing. For additional information, you
5 may contact the State Oil and Gas Board, P. O Box 869999, Tuscaloosa, Alabama
6 35486-6999, Telephone Number 205/349-2852, Fax Number 205/349-2861, or by
7 email at petitions@ogb.state.al.us.
8
9

10 DR. OLTZ: The Hearings Reporter has received and compiled proofs of publication of the
11 items to be heard today. The Hearing Officer and the staff heard various items at the Hearing
12 Officer Meeting. At this time the Hearing Officer will make his report to the Board.

13 MR. ROGERS: Mr. McCorquodale and Mr. Dampier, I have a written report of the items
14 heard by the Hearing Officer and the staff on Wednesday, April 17, 2002. Copies of the report
15 are available for members of the public to review and study. I recommend the report be adopted
16 by the Board.

17 MR. DAMPIER: Move.

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

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

20 CHMN. MCCORQUODALE: "Ayes" have it.

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

22 CHMN. MCCORQUODALE: That request is granted.

23 (Whereupon, the report was received in evidence)

1 DR. OLTZ: Mr. Chairman, the staff would recommend approval of the minutes of the
2 following meetings: March 13, 2002, Hearing Officer Meeting and the March 15, 2002, Board
3 Meeting.

4 MR. DAMPER: Move.

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

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

7 CHMN. MCCORQUODALE: "Ayes" have it.

8 MR. ROGERS: The following items are set for hearing today: Item 4, Docket No. 3-13-
9 02-8A, petition by Land and Natural Resource Development, Inc.; Items 6, 7, and 8, Docket Nos.
10 3-13-02-15, 3-13-02-16, and 3-13-02-17, petitions by Palmer Petroleum, Inc.; and Item 18,
11 Docket No. 4-17-02-10, a motion by the Oil and Gas Board relating to Turkey Creek Field in
12 Choctaw County, Alabama. The first petition would be Item 4, Docket No. 3-13-02-8A, petition
13 by Land and Natural Resource Development, Inc.

14 MR. SLEDGE: Mr. Rogers, I have one witness that needs to be sworn.

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

16 MR. WOLF: Steven Wolf, Tuscaloosa, Alabama.

17 (Witness was sworn by Mr. Rogers)

18 MR. SLEDGE: For the record, I'm Jim Sledge representing the petitioner in this matter.
19 The exhibits that I have handed up are informational only. They are all just well summaries of
20 records contained in the Board's files. Mr. Rogers, we previously had furnished you the original

1 of the notice of this matter as published in the Tuscaloosa News and also in the Greensboro
2 Watchman. I would ask that be admitted as part of the record.

3 MR. ROGERS: It is admitted.

4 CHMN. MCCORQUODALE: That is admitted and made part of the record.

5 MR. ROGERS: I should have said that was already put in the record with Rickey earlier
6 in Dr. Oltz's statement. I'm sorry.

7 MR. SLEDGE: Gentlemen, we are here today to report on our efforts with the
8 Moundville Coal Degasification Field since last fall and also since Board Order 2001-85. We
9 want to talk about Land's efforts to plug and abandon wells in the field and also the status of the
10 project as a whole. Ultimately, we are going to ask you for what we believe is a more workable
11 plugging schedule in this field. Mr. Wolf has been sworn and he has previously testified before
12 this Board as President of Land and Natural Resource Development, Inc. and also as its sole
13 shareholder.

14 STEVE WOLF

15 Appearing as a witness on behalf of Petitioner, Land and Natural Resource Development,
16 Inc., testified as follows:

17 DIRECT EXAMINATION

18 Questions by Mr. Sledge:

19 Q. Steve, if you would, tell the Board the status of the program at this point.

20 A. As you know, Land, Inc. has spent considerable time and effort and money in the project
21 of reopening Moundville Field. We have now invested almost \$2-1/2 million over the

1 years in creating this opportunity and pursuing it. Since we first began our trade with
2 TECO Coalbed Methane, the previous owners of the field, there were 284 wellbores in
3 Moundville Field. Since that time, 130 wells have been plugged. That leaves right now
4 154 wellbores open, 113 of those wellbores are operated by TECO Coalbed Methane and
5 41 of those wells are operated by Land, Inc.

6 Q. Let me take you to the exhibits. Is it correct that Exhibit 1 summarizes the list of wells
7 that were plugged prior to Board Order 2001-85. Exhibit 2 summarizes the 59 wells that
8 have been plugged since that time and Exhibit 3 the 154 that remain?

9 A. That is correct.

10 Q. In other words, you have plugged almost half the wells--you and TECO have plugged
11 almost half the wells at Moundville at this point?

12 A. That's correct. Since the last Board Order there are new facts and situations that I would
13 like to bring to your attention. At the time of the Order gas prices were falling. In fact,
14 they fell to some of their lowest levels in a long, long time. In the wintertime, or right
15 before the wintertime, prices were well below \$2.00. Since that time there has been a
16 steady increase and in the last 60 days the long-term price of gas has stabilized at above
17 \$3.50. The three year average price for natural gas is \$3.70. That is a significant
18 difference in the situation especially in a program where you have low volume wells with
19 fixed operating costs. A 50-60 percent increase in the long-term gas price is a many
20 times multiple of the possible profitability of this project. Also, in the House version of
21 the Energy Bill that is before Congress there is a provision to extend the tax credit for old

1 wells for coalbed methane. The same interested parties that got that provision in are
2 making a concerted effort to put the same provision in the Senate version of the Energy
3 Bill with an extension of tax credit for old wells. The economics for coalbed methane all
4 over the Warrior Basin are drastically improved. Especially for Moundville Field that
5 would make a significant difference in the viability of the resource and the likelihood that
6 investment will be applied toward it.

7 Q. Is it safe to say to the Board that you are still seriously pursuing opportunities to reopen
8 the field?

9 A. Yes. We are pursuing serious opportunities with that. I'm not here to try to convince
10 you of those likelihood's. I'm really here to put forth a general picture of our plugging
11 program and a request for a change in this schedule so that we may continue to meet the
12 obligations as we have all these years. One of the other facts and situations, the same
13 dive in gas prices has put constraints on Land, Inc.'s resources. The increase in price
14 recently leaves us able to work out of them. That, coupled with the new prospects for
15 coalbed methane in general in the Warrior Basin and particularly for Moundville, leaves
16 me to ask you to consider a new schedule for plugging so that in the continuing event that
17 we plug, Land, Inc. will be able to meet its obligations.

18 Q. All right now. You have completed and complied with the Order to date as far as the
19 monthly plugging obligations?

20 A. That is correct.

21 Q. Why are you asking the Board to amend?

1 A. I'm asking the Board to amend to give us this summer and winter to continue plugging
2 wells. In actuality I expect, as I often have expected, to come to you with a plan for
3 reworking wells. There are enough wellbores in Moundville right now, even with a
4 reasonable plugging program, to still represent a critical mass that would attract
5 investment. So, I'm asking for this time to continue at five wells per month of plugging
6 until and if I come to you with a development program or a pilot program that meets with
7 your approval.

8 Q. Let me stop you and make very clear, five wells per month total, Land or TECO wells,
9 not five Land and five TECO.

10 A. That's right. Five Land or TECO wells per month starting in April and continuing there
11 through December. At the end of that time there would then be 114 wellbores. I would
12 propose at that time if we have not proceeded with our program to develop the field or
13 test its viability that we would resume at ten wells per month and have the field plugged
14 out by the end of next year.

15 Q. I summarize in this fashion. You are asking the Board to reduce the number of wells on a
16 monthly basis for two reasons, one is to try to maintain the viability of the program as
17 you attempt to get it reopened and the other is financial to give you the ability to meet
18 this obligation during the coming year.

19 A. That is correct.

20 Q. There are bonds of both TECO and Land, Inc. in place to back this plugging obligation?

21 A. That is correct.

1 MR. SLEDGE: That is basically our presentation. We would be happy to address any
2 questions the Board or staff might have. I want to make one summary though directly to the
3 Board members. Y'all may not agree with Mr. Wolf that he made a prudent investment. Most
4 of that \$2-1/2 million that has gone into that field has been his own money. I've seen the Board
5 work with people who have been--well, I'm not going to cast dispersion. Mr. Wolf has always
6 been very open with you about what he was trying to do at this project. I would hope that you
7 could work with him this year. I don't see any real risk to working with him this year as far as
8 the number of wells that would be plugged and getting the whole field plugged if that is
9 necessary. That's basically all we have.

10 CHMN. MCCORQUODALE: Are there any questions or any comments? Yes, sir. There
11 is a column between you and me, so I can't see you.

12 MR. PRUET: Arthur Pruet, President of Big Sandy Farms. I was before y'all in
13 September, you might remember, and we, as landowners, have had this project going on for
14 better than ten years in our neighborhood and on our roads and whatever. You have heard all
15 that. It was my understanding when I left the meeting and correct me if I'm wrong but I can go
16 back to the meetings that you have had in the last six or eight months and they all say that there
17 will be no more extensions given. That's the way I understand it. I can read them if you want
18 them on the record but I know y'all have got them.

19 CHMN. MCCORQUODALE: We have it.

20 MR. PRUET: You assured us that there would be no more extensions past August. I do
21 have a question. In doing my simple math now that we have been doing five wells a month, on

1 August there will still be 16 wells that are not done. I'm just referring to Land. I don't know
2 anything about the TECO operation. To me that would be in defiance with your Order on having
3 this done by August. I mean, I don't understand how that works but it looks like the Board
4 should ask for a step-up or some type of completion schedule just to go with the order that you
5 have already given them.

6 MR. SLEDGE: If I could just interject. We have refrained from plugging the wells on
7 Big Sandy Farms because we think they have the most value for reopening the project. A lot of
8 the landowners in the area have worked with us because they would like to see the income that it
9 produced but if it will satisfy Mr. Pruet we will move on his property next to get his wells
10 plugged. We hate to do it because we think it reduces our chance of getting the thing resold but
11 we are willing to make that commitment.

12 MR. PRUET: I appreciate the gesture and I really don't want to be difficult but we have
13 all had this for a long time. There are other landowners back here if you would like to hear from
14 them.

15 CHMN. MCCORQUODALE: I would, Mr. Pruet, just like to at least, if they don't want
16 to say anything, identify them by name if they are present.

17 MR. PRUET: The Nevin property has seven wells also. Really, what we would like is
18 some closure. It's been long enough. We've had trucks in and out, roads torn up, and we've got
19 debris all over the well pads. We would just like closure.

20 MR. SLEDGE: Mr. Pruet, how many wells are on Big Sandy Farms now?

21 MR. PRUET: We've got interest in I think seven, six or seven.

1 MR. SLEDGE: Six to seven on your property and six to seven on the Nevin property.

2 MR. ELMORE: I represent Ms. Nevin. I'm her grandson. We have seven. I think we
3 have six with Land and one with TECO. It's just an eyesore. Parts of wells have been scattered
4 across well pads for years, like they have become stolen parts. Bits and pieces will be
5 everywhere.

6 MR. SLDEGE: We are willing to address these groups first. Again, you understand why
7 we have refrained from doing it but if this is something that needs to be done, then that's what
8 we will have to do.

9 DR. OLTZ: Would you identify yourself?

10 MR. ELMORE: My name is Kevin Elmore. I am representing Ms. Ruth Nevin and the
11 Nevin gas wells in Moundville Field.

12 CHMN. MCCORQUODALE: Do you agree with what Mr. Pruet said?

13 MR. ELMORE: Yes, sir, I do.

14 MR. SLEDGE: But I would make the point that they are not lawyers. They don't have
15 the right to represent any other landowners in the field.

16 CHMN. MCCORQUODALE: They're not lawyers but I'm going to hear what they have
17 to say, Mr. Sledge.

18 MR. SLEDGE: Oh I'm not suggesting you shouldn't hear what they have to say but I am
19 saying that we have a solution or we have a specific way to address the concerns that they have
20 raised with respect to some 13 or 14 wells.

1 CHMN. MCCORQUODALE: As I understand he is here representing his family. I think
2 he said that was his grandmother. Isn't that what you said?

3 MR. ELMORE: Yes. She is disabled.

4 MR. SLEDGE: No. I'm more than willing for him to say that. I'm just talking about a
5 general representation of everybody in the Moundville Field. That's not the purpose of their
6 being here.

7 CHMN. MCCORQUODALE: I agree with that.

8 MR. SLEDGE: If we have 13 to 14 wells then by August 31st we certainly would have
9 those plugged even under our program.

10 CHMN. MCCORQUODALE: We stopped after Mr. Elmore. Is there anybody else that
11 just wanted to be identified by name as supporting Mr. Pruet's position?

12 MR. KEITH ELMORE: I'm Kevin's brother, Ms. Ruth Nevin's grandson also. I agree
13 with all Mr. Pruet and my brother have told y'all.

14 CHMN. MCCORQUODALE: Thank you.

15 MR. MASINGILL: This is just really in the form of a clarification for the record and I
16 may not have heard correctly. Mr. Sledge, in the petition filed you were asking to extend for a
17 year until August 31, 2003. I thought what I heard Mr. Wolf say when he was talking about that
18 was that there would be 114 wells left when we got to December of 2002 and then you would go
19 to a ten well schedule for the rest of the year. Is your request to plug them all by August 31,
20 2003, or by December 31, 2003? I'm just trying to figure out what the request is?

21 MR. WOLF: My request is by December 31st.

1 MR. MASINGILL: So it's really different from the petition?

2 MR. WOLF: If the difference between December 31st and August 31st makes a difference
3 I'm---

4 MR. MASINGILL: No, no. You're free to request what you want to request. I just
5 wanted to be sure it was clear what you were requesting. That's all I have.

6 MR. WOLF: My understanding of the Board Order was that we would continue to plug
7 unless we had a viable project for establishing the validity of the field. That is what I have been
8 operating under. It is on that basis that I am approaching the oil and gas community and the
9 investment community at large to salvage this resource which I believe has now re-entered its
10 phase of being a very valuable and viable resource.

11 MR. SLEDGE: Of course, we would have to come back to you to report on that to show
12 you that we have somebody to develop it.

13 CHMN. MCCORQUODALE: Mr. Wolf, it has always been the position of this Board
14 that we want to work with people the best way that we can. We respect what you and Mr.
15 Tucker and others have tried to do down there but we also as a Board have another thing to be
16 mindful of and that is when we have tried and tried and tried, and I think we have, you might not
17 agree with me but I think we have, and then we reach a place like you and I did in Mobile and I
18 said to you, "Now look, here's what the Order is and we're not going to give you any more
19 extensions. Is that fair enough?" You said, "That's fair enough." You know, we don't like to be
20 hard on folks and we are trying not to be but at the same time for the citizens of this State, for
21 other operators, and for everybody that is involved that comes before this Board, if we ever get

1 to a place like you and I got in Mobile and I say for the record that's the last time we're going to
2 do this, folks need to know that we mean that's the last time we're going to do this. I don't say
3 that to be hard on you and we are not trying to single you out but I just feel like that from a
4 public perception standpoint if this Board takes a firm position and represents to folks what we
5 represented to these folks down there in Hale County, then I don't know what choice we've got
6 but to do what we said we were going to do.

7 MR. DAMPIER: Mr. Chairman, with that said I move that we deny the petition.

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

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

10 CHMN. MCCORQUODALE: "Ayes" have it.

11 MR. ROGERS: The next item is Item 6, Docket No. 3-13-02-15, petition by Palmer
12 Petroleum, Inc.

13 MR. WATSON: Mr. Chairman, I assume we are going to consolidate the Palmer items
14 for hearing purposes this morning?

15 CHMN. MCCORQUODALE: Yes.

16 MR. WATSON: Having said that, I have four witnesses that I would like to have sworn
17 in, please.

18 MR. ROGERS: Will you state your names and addresses?

19 MR. ELGIN: Jerry Elgin, Shreveport, Louisiana.

20 MR. ROBERTS: Michael Roberts, Shreveport, Louisiana.

21 MR. ZERRAHN: Greg Zerrahn, Shreveport, Louisiana.

1 MR. COOPER: Greg Cooper, Shreveport, Louisiana.

2 (Witnesses were sworn by Mr. Rogers)

3 MR. WATSON: Mr. Chairman, I would ask that you receive into the record of this
4 hearing the prefiled affidavits of notice for these three consolidated items.

5 CHMN. MCCORQUODALE: Those are admitted.

6 (Whereupon, the affidavits were received in evidence)

7 MR. WATSON: I would also like to hand up for inclusion into the record the public
8 notice that was published in the Monroeville paper on the 4th and the 18th of April concerning
9 this hearing. This is an additional notice.

10 CHMN. MCCORQUODALE: That is admitted.

11 (Whereupon, the notice was received in evidence)

12 MR. WATSON: These three consolidated petitions request the Board to amend the field
13 limits for the North Monroeville Field to enlarge the North Monroeville Field-Wide Oil Unit to
14 take in ten additional tracts that we are proposing to be added to the field subject to approval of
15 66 2/3 percent of the royalty, the overriding royalty, and the working interest owners in the area
16 and to approve a redetermination of tract participations in accordance with Section 9-17-86 of
17 the Code. Based on new information obtained from the successful completion of the McCall 1-7
18 and the McCall 1-11 wells, as you will hear in the testimony, the redetermination procedure that
19 we will be presenting to you today for tract redetermination was a part-in-partial of the hearing
20 before the Board to establish the North Monroeville Unit. That was Docket Nos. 11-12-9713A
21 and 11-12-9714A that resulted in Board Order 98-71. I would like that information, that Order

1 and those facts that were in that record to be incorporated by reference into this hearing, Mr.
2 Chairman.

3 CHMN. MCCORQUODALE: That request is granted.

4 (Whereupon, Order No. 98-71 and the related record
5 were incorporated by reference)

6 MR. WATSON: The data from these two new wells, coupled with the data from the
7 original Vanity Fair 1-9 well, newly processed and acquired seismic data, and production data
8 that we have acquired were combined and factored into the unit formula which is based on 50
9 percent production reservoir volume and 50 percent on well productivity. Those were used to
10 arrive at the redetermined tract factors that are to be presented today, first for approval by the
11 Board and then subject to ratification as required by Section 9-17-85 of the Code. As I said, the
12 North Monroeville Field-Wide Unit was established by Board Order 98-71 with an effective date
13 of June 1, 1998. We anticipated that the Unit would be revised. It was also anticipated that there
14 could be one or more redeterminations required. Consequently, there are specific procedures in
15 Order 98-71 and in the Unit Agreement that will be followed in this hearing. It should be
16 remembered that the participation formula was established by the order of the Board and that that
17 formula is not being changed. Board Order 98-71 found that the formula represents the relative
18 contribution which each tract is expected to make to total unit production. In fact, today you will
19 hear from the witnesses that there are additional plans for drilling in the North Monroeville Unit.
20 We know of at least one more redetermination hearing that will come back before this Board in a
21 relatively short period of time. As the Board may be aware, there are certain incentives for new

1 wells that are expiring in July of this year and there will be wells permitted in this Unit and in the
2 adjacent Monroeville Unit prior to that time. This is an ongoing development scenario. You will
3 also recall that we had one well, the Vanity Fair 1-9, when we established the Unit. It was a
4 rather large unit at the time, some 600⁺ acres. Today we are asking you to enlarge that Unit to
5 about 1,260 some odd acres. This Unit encompasses the greater part of the City of Monroeville.
6 This has been a herculean effort on the part of Palmer Petroleum, first to gather the seismic data
7 in a built-up area without having your telephones ringing off the hook by irate citizens from
8 seismic profiles and work going off. In addition, I'm told by the landman that we have some
9 2,500 individual participants in this Unit, not that many tracts but these are city lots. You can
10 image the situation. We are going to present to you today the best evidence that we have as to
11 the ownerships. We tweaked these until the wee hours of the morning last night and we will be
12 presenting those through our land testimony today where each owner in this proposed unit has
13 had a tract factor redetermined to the seven decimal places to express their participation. Now,
14 once we present this evidence to you today we will only be asking you to approve the proposed
15 enlargement and the proposed redetermination factors. As you know, Mr. Chairman, working in
16 this part of the State, titles and the probate offices, some are up-to-date and some are behind, but
17 the title situation is a dynamic situation, constantly changing, so we have to fix something at a
18 place-in-time in order to determine what people own. We will do that as of your next hearing on
19 this subject when we come back to the Board seeking ratification of what you approve today, if
20 you approve this enlargement. The test today will be to determine whether or not we have used
21 sufficient evidence to determine the limits of production of this reservoir using the best evidence

1 available from three well control points and from the seismic information that we have acquired
2 in this area. Now, you will also hear that there will be a second herculean effort and that will be
3 to get the ratifications approved if you approve this today. We hope to do that in a pretty short
4 order. Short order may be three months. We would like to think two months but it just depends.
5 My land witness will tell you how he is going to go about doing that. This is the same man that
6 put together the Monroeville Unit on the ground down there and the North Monroeville Unit. He
7 knows the facts and figures and the ownerships of everybody in Monroe County. I might also
8 state for the record that we have had unprecedented support from the Probate Judge of Monroe
9 County and his Commission, Judge Otha Lee Biggs, from the Mayor of the City of Monroeville,
10 Mayor Farish and her Council, and from the citizens of Monroeville. They are excited about this
11 project. It gives them a light of hope after the Vanity Fair closing down there. They are very
12 supportive. I am surprised that we don't have a lot of folks here but they have been talking to
13 members of your staff and they have been talking to our people who are on the ground down
14 there to maintain a presence. The Palmer people have been available to these folks by telephone
15 and some meetings with people. So, I think that the fact that the room is not flooded with people
16 today is an indication that we have been doing something right out there to communicate.
17 Having said all that, I have passed out to you a set of exhibit booklets. I have some additional
18 material to pass out as we go through the hearing. We are going to go through the testimony in a
19 little different fashion than it appears in your book. We are going to start with Exhibit B. My
20 first witness is my geological witness, Gregory Zerrahn. Mr. Zerrahn has appeared before you
21 on several occasions. He appeared on the Monroeville Unit and the North Monroeville Unit.

1 Mr. Zerrahn, are you familiar with the petitions on file here today seeking to enlarge the North
2 Monroeville Unit and to redetermine the tract participation factors for the existing five tracts and
3 the new ten tracts?

4 MR. ZERRAHN: Yes I am.

5 MR. WATSON: Have you studied the geological data relative to this request?

6 MR. ZERRAHN: Yes I have.

7 MR. WATSON: Have you prepared exhibits in support of the request?

8 MR. ZERRAHN: Yes I have.

9 MR. WATSON: Mr. Chairman, I tender Mr. Zerrahn as an expert witness to give
10 testimony.

11 CHMN. MCCORQUODALE: He is so recognized.

12 GREGORY ZERRAHN

13 Appearing as a witness on behalf of Petitioner, Palmer Petroleum, Inc., testified as
14 follows:

15 DIRECT EXAMINATION

16 Questions by Mr. Watson:

17 Q. Mr. Zerrahn, Exhibit B shows the existing unit outlined in red and the proposed enlarged
18 unit outlined in blue. Also shown are the original five tracts in the existing North
19 Monroeville Field-Wide Oil Unit and the proposed additional ten tracts. Is that correct?

20 A. Yes.

1 Q. Am I correct in stating that the McCall 1-7 and the McCall 1-11 wells were directionally
2 drilled and does this Exhibit B depict that the wells were directionally drilled?

3 A. Yes, sir. Exhibit B shows the surface location by the open circles labeled SL with a
4 dashed line from the open circle SL to a solid black dot or BHL for the bottom-hole
5 location for the two new wells. You will also note on this exhibit that the production
6 string was set to a depth of 11,301 feet for the McCall 1-7 and 11,383 feet for the McCall
7 1-11. Also shown on this exhibit are the 15 separate tracts numbered 1-15. Included in
8 the booklet of exhibits as Exhibit F1 and F2 are the scientific drilling directional surveys
9 for both the McCall 1-7 and the McCall 1-11 wells. These exhibits will be discussed
10 later.

11 Q. All right, Mr. Zerrahn. Turn to your Exhibit C and tell the Board what is shown on that
12 exhibit.

13 A. Exhibit C is a list of the 15 tracts in the proposed enlarged unit with the legal description
14 for each tract. In the far right column is listed each tract's participation factor expressed
15 as a percent. For example, Tract 1 will have a tract participation factor of 26.316760
16 percent. Tract 15 on the bottom of the page will have a tract participation factor of
17 0.522525 percent. Our engineering witness will explain how these factors were
18 calculated in accordance with the formula approved by this Board in Order 98-71.

19 Q. Mr. Zerrahn, the next three exhibits, D-1, D-2, and D-3, appear to be portions of the
20 electric logs and are labeled type logs. Starting with Exhibit D-1 tell the Board what is
21 shown on these logs, please, sir.

1 A. Exhibit D-1 is the type log for the No. 2 Vanity Fair 1-9 well. Shown on this log are the
2 cored intervals and perforations in the Frisco City Sand Oil Pool as well as the top of the
3 Frisco City sand. Also, the top of the Haynesville is shown as is the top of the Paleozoic.
4 At the top of the page you will see a summary of the test data. This well was originally
5 perfed at 10,906 to 10,914 and was tested June 15, 1997. It had an initial potential test of
6 298 barrels of oil per day, zero barrels of water, and 157 Mcf of gas per day with a gas-
7 oil ratio of 527-to-1. That zone was later abandoned and the well was recompleted in the
8 perforations as shown and tested May 10, 1998, at a rate of 512 barrels of oil per day,
9 zero barrels of water, and 90 Mcf of gas per day, yielding a gas-oil ratio of 176-to-1.
10 Going on to Exhibit D-2, this is the true vertical depth log, induction log, for the No. 1
11 McCall 1-7 well. The top of the Frisco City sand is at -10,363 feet subsea which is the
12 highest well structurally in the field to date. The sand was perforated at a measured depth
13 of 11,173 feet to 11,185 feet. The test date was March 21, 2002, and it had an initial
14 potential test of 755 barrels of oil per day, zero barrels of water, and 182 Mcf of gas per
15 day with a gas-oil ratio of 241-to-1. Moving on to Exhibit D-3, this is also a TVD or true
16 vertical depth log for the No. 1 McCall 1-11 well. The top of the Frisco City sand is at
17 -10,385 feet subsea. This is the thickest Frisco City sand encountered to date with a TVD
18 thickness of 114 feet. The sand was perforated at a measured depth of 11,236 feet to
19 11,259 feet. It was also tested on March 21, 2002, at a rate of 574 barrels of oil per day,
20 zero barrels of water, and 102 Mcf of gas per day with a gas-oil ratio of 178-to-1.

1 Q. All right, sir. Let's turn to your next exhibit, Exhibit E-1. That's the first of three core
2 analyses from CoreTech on the three wells in the Unit, the first of which is the Vanity
3 Fair 1-9 No. 2. Summarize and tell the Board what's shown on these analyses, please,
4 sir.

5 A. Exhibit E-1 is the core report for the conventional core taken in the No. 2 Vanity Fair 1-9
6 well. This core has a highly variable porosity and permeability range and has the lowest
7 average core porosity, 11.7 percent, of the three wells drilled to date. Exhibit E-2 is the
8 core report for the two conventional cores taken in the No. 1 McCall 1-7 well. Here the
9 average core porosity is 15.8 percent. Exhibit E-3 is the core report for the two
10 conventional cores cut in the No. 1 McCall 1-11 well. This well has the highest average
11 core porosity, 17.4 percent, of the three wells drilled to date.

12 Q. Mr. Zerrahn, in your testimony on Exhibit B you referred to the next two exhibits, F-1
13 and F-2, the directional survey reports. Do these exhibits confirm the depiction of the
14 bottom hole location that is shown on Exhibit B?

15 A. Yes sir. These exhibits are included in the booklet for that purpose.

16 Q. All right, sir. Let's go to the next three exhibits, G-1, G-2 and G-3. These are the well
17 data worksheets for the Vanity Fair 1-9 well and the two new wells drilled in the North
18 Monroeville Field-Wide Unit, are they not?

19 A. Yes. Allow me to just summarize the data shown on these worksheets. First let me
20 remind the Board that 50 percent of the approved formula for this Unit is productive
21 reservoir volume. That is the acre-feet of unitized formation containing commercial

quantities of hydrocarbons. Exhibit O in this booklet contains the pay thickness definition as approved by the Board in Order No. 98-71. I followed this definition in the well data worksheets to arrive at an average porosity and net pay thickness. Exhibit G-1 is the well data worksheet for the No. 2 Vanity Fair 1-9 well. Utilizing the procedures outlined in Exhibit O, every foot of the Frisco City sand interval was analyzed from the top of the sand to the base of the pay section. In this well a total of 25 net feet of pay was determined and the average pay porosity is 16.08 percent. Exhibit G-2 is the well data worksheet for the No. 1 McCall 1-7 well. A total of 40 net feet of pay was determined and the average porosity is 17.14 percent. Exhibit G-3 is the worksheet for the No. 1 McCall 1-11 well. In this well we had a total of 86 net feet of pay. It had an average porosity of 17.02 percent.

Q. All right sir. Let's turn now, if you would, please, to Exhibit I which is a fold-out cross section. Would you describe the information? Tell us what kind of cross section it is and describe the information shown on the cross section, please, sir.

A. The cross section runs through the McCall 1-11 well on the left, through the Vanity Fair 1-9 well in the middle, and finally on to the McCall 1-7 well on the far right-hand side. This is a true scale structural cross section using portions of the three type logs hung on a subsea datum of 10,000 feet. The Haynesville is depicted by the light orange area. The Frisco City sand is depicted by the green color as you see in the three wells. You will also see the red areas that represent the perforated intervals in the three wells. Note the

1 presence of the Paleozoic high between the McCall 1-11 well and the Vanity Fair 1-9
2 well and how on this cross section the Frisco City sand drapes up onto this high.

3 Q. All right, sir.

4 MR. WATSON: Mr. Chairman, I have prefiled some seismic information that will be
5 utilized by my next witness. I would ask--I have filed an affidavit of confidentiality along with a
6 letter requesting that the seismic information on file be treated as confidential in accordance with
7 Rule 40-3-.10(3) of the State Oil and Gas Board of Alabama Administrative Code and in parts of
8 Section 41-22-12 of the Code of Alabama. I would ask that you rule that this seismic
9 information is available only to interested parties in this hearing, not available for public
10 disclosure, and available to your staff for review.

11 CHMN. MCCORQUODALE: That request is granted.

12 MR. WATSON: I have ten additional numbered copies that I would like to pass out to
13 you that are in color. At the conclusion we will pick those up.

14 MR. ROGERS: Mr. Watson, you requested that this affidavit be admitted.

15 MR. WATSON: Yes sir, admit the affidavit of confidentiality.

16 CHMN. MCCORQUODALE: It is admitted.

17 (Whereupon, the affidavit with attached letter was
18 received in evidence)

19 MR. WATSON: My next witness, Dr. Mike Roberts, has not appeared before you but we
20 have filed an affidavit of his qualifications. I'll ask Dr. Roberts to briefly give you his
21 educational background and work experience.

1 DR. ROBERTS: I received a Bachelors in Geological Sciences and a Masters and Ph.D.
2 in Geology from Penn State.

3 MR. ROGERS: We have two through ten.

4 MR. WATSON: I just handed one to Mr. Sledge who asked for it.

5 MR. ROGERS: I wanted to clarify that.

6 DR. ROBERTS: I began my oil industry career in 1974 with Shell Research and there
7 began training in reflection seismology. I worked in geophysical research for Cities Services for
8 eight years and have spent the past 17 years as an exploration geophysicist. I am presently the
9 chief geophysicist with Palmer.

10 MR. WATSON: Dr. Roberts, were you involved in the seismic effort and the
11 interpretation of the seismic data for the North Monroeville Field-Wide Unit?

12 DR. ROBERTS: Yes I was.

13 MR. WATSON: You were involved in making determinations as to what we should add
14 to this unit as additional tracts?

15 DR. ROBERTS: Yes.

16 MR. WATSON: I tender Dr. Roberts as an expert geophysical witness.

17 CHMN. MCCORQUODALE: He is so recognized.

18 MICHAEL ROBERTS

19 Appearing as a witness on behalf of Petitioner, Palmer Petroleum, Inc., testified as
20 follows:

DIRECT EXAMINATION

Questions by Mr. Watson:

Q. Dr. Roberts, the first exhibit in the packet is a summary exhibit. I'll ask you to please tell the Board what is shown. It's really a locator map with your different lines. Describe that to the Board, please, sir.

A. Exhibit A is a topographic map of the Monroeville area. Shown in the middle of that map in red is the existing unit and in blue immediately around the red is the proposed enlarged unit. The outer blue line, the box around the outside of the map, is an area of about 14 square miles which was the area that we had contracted to shoot a 3-D in. After processing and because of field logistics, the actual process volume is about 13.6 square miles and lies just inside that blue line.

Q. That's shown on our Exhibit A in the exhibit booklet, the very first exhibit, correct?

A. That's correct.

Q. I direct you to your locator map that is handed up in the pack of confidential exhibits. Will you now describe what is shown on that, please, sir.

A. I was going to summarize the data first. The quality of the data is excellent in this area, the vintage of the data as we began acquisition in about November 2000. We received the data after processing in February 2001. The survey involved mixed sources of vibroseis and dynamite because of the culture in the area. We used vibroseis trucks in the town and close to any buildings and dynamite around the town and in the country-side area. These data were then merged and processed into a very high quality volume of

1 good even coverage and about 30 fold data over the existing prime target. The final bin
2 size was 110 by 110 feet. The accuracy of this data was evidenced by the drilling of the
3 McCall 1-7 and the McCall 1-11 wells which came in exactly as predicted from the 3-D
4 data set.

5 Q. All right sir.

6 A. We have handed out examples of this data set. On the first page is the locator map
7 showing the position of six lines which were selected through the data volume to
8 illustrate the basic geologic setting of this area and also to tie the well control. This base
9 map is a time structure map of the pick associated with the top of the Frisco City sand
10 which is a trough. The red ruled areas are bald spots interpreted from the data where the
11 Paleozoic basement pokes through the sand. You may note on this map that the structural
12 spillpoint is at about 2.242 seconds.

13 Q. Now you are going to go through the series of lines that are depicted on that locator map,
14 Dr. Roberts?

15 A. Yes. The first one is Line A which is a north-northwest-to-southeast line through the
16 event of the original well, the Vanity Fair 1-9 No. 2, and across the large bald area in the
17 middle of the structure. On the left-hand side of that line are labeled the horizon picks
18 that we mapped. The lower one in red is the Paleozoic horizon and you can see it forms a
19 large shale. The Paleozoic is a strong peak event on the seismic except for the slopes that
20 are too steep to be imaged and that has to be interpreted. Also we see the Norphlet which
21 is a strong trough and right above the Norphlet a strong peak which is the top of the

1 Buckner-Smackover interval. The trough immediately above the Buckner-Smackover
2 peak is the Frisco City sand interval. Where that interval is thick enough to be
3 seismically resolved, the top of the sand falls in the middle of that trough. Above that is
4 the top of the Haynesville peak which is a seal to the structure and is a continuous peak
5 over the entire survey.

6 Q. Do I also note a spill level or a spillpoint noted on this Exhibit A?

7 A. Yes. The 2.242 second spillpoint on the map is shown as a horizontal pencil line, a faint
8 line, on these copies on each of these exhibits. You can note also that the Frisco City
9 sand, which is a yellow trough event on this thing butts against the basement on the north
10 side. That's helping to define the bald spot. On the southeast side it's a more general
11 pinch-out of the sand against the side of the basement and in places that are actually
12 below seismic resolution and have to be estimated, but I think it's pretty clear here that
13 we have a bald spot across the middle.

14 Q. All right sir, go to your next line.

15 A. Line B is a northeast-southwest line through the McCall 1-7 and the McCall 1-11 wells.
16 This is--note the irregular surface of the basement, a Paleozoic basement, which is a
17 Florida reservoir sand. If the McCall 1-7 well in the Frisco City sand is 56 feet thick, the
18 synthetics are actually at the top of the sand at this point, a prod zero crossing between
19 the trough and the peak. What we found by modeling is that when the sand is about 50
20 feet thick the top is at the zero crossing rather than at the trough. That comes into play
21 later. In the McCall 1-11 well the sand is 114 feet thick and the top of the sand is the

1 center of the trough. The sand may or may not cross the small ridge between the two
2 wells. That's around the seismic resolution limit. There is also a small bald spot on the
3 southwest end of the line. Arbitrary Line C is the next line in the handouts. It's a west-
4 northwest east-southeast line through the McCall 1-11 and the Vanity Fair 1-9 No. 2
5 wells and goes on the axis of a basement canyon on the west flank of the structure.
6 Apparently the thick sand accumulated in this canyon is documented by the McCall 1-11
7 well and the continuity of the thick trough on that flank. The next line is a north-south
8 line, an inline, on the west flank of the structure, Line 1089. That line shows two bald
9 knobs and it crosses the axis of that canyon that we looked at a minute ago between the
10 two. Notice also on the spill level line that a good part of that sand is below the spill
11 level on this flank. The next line is Cross Line 5079 which is an east-to-west line. It
12 crosses the McCall 1-7 in a narrow part of the bald area on the main ridge complex. This
13 line also crosses near our proposed future drilling site opposite the 1-7 well which is
14 labeled PropLoc2 at the top of the line. The final line is north-south Line 1118 which
15 goes through the McCall 1-11 well and across the main bald area. It is put in to show the
16 steep northern flank of this hill where sand accumulates against the flank right about at
17 the spill level.

18 Q. All right sir. Now, having used your seismic technology let's turn in the booklet of
19 exhibits to Exhibit H. Tell the Board if you would, Dr. Roberts, how this structure map
20 was constructed and tell us what's shown on the map, please, sir.

1 A. Exhibit H is a structure map at subsea depths with 100 foot contours on the top of the
2 Frisco City sand. The map shows in red the original unit and in blue the proposed
3 enlarged unit. Note that the outer line, the -10,500 foot contour is the spillpoint. That's
4 the converted spillpoint from the 2.242 seconds times the depth conversion using sonic
5 log velocities from the three wells and calibrated to that. The enlarged unit was drawn to
6 include all potentially productive acres based on the spillpoint of the structure. Also
7 shown on this map are gray areas which are the bald spots where we think the Frisco City
8 sand is absent. There are 330 foot radius circles drawn here which the engineering
9 witness will explain later. This map was constructed by simply mapping the top of the
10 Frisco City sand and doing a time-to-depth conversion with the well control as
11 calibration.

12 Q. All right sir. Let's go to your Exhibit J, Dr. Roberts. This is a key map in the booklet of
13 exhibits and the key to all our determinations. I'll ask you to explain Exhibit J and in that
14 process feel free to use Exhibits K-1 and K-2 in the explanation of the data contained on
15 Exhibit J.

16 A. Exhibit J is an isopach map of the Frisco City sand pay interval above the water level.
17 Exhibits K-1 and K-2 are put in to help explain the construction of Exhibit J. If you will
18 refer to K-1 first. You saw a general cross section of the setting of the field with the
19 basement hill--Paleozoic hill overlapped by the Frisco City sand. In this general setting
20 there is a zero point to the sand both updip on the hill and downdip at the spillpoint. The
21 maximum thickness of the sand occurs where that spillpoint level intersects the Paleozoic

1 basement. The zero point downdip is directly mapable from the seismic data, that is the
2 yellow. The outline of the map on Exhibit J marked zero is the same as the spillpoint of
3 the field. The updip zero edges the margins of these gray spots, these bald spots, which
4 are interpreted from the seismic data and probably have a little less precision than the
5 outside line. The maximum thickness is measurable directly from the seismic data where
6 the sand is thick enough to be resolvable. In our modeling that's about 75 feet. At 75
7 feet or greater we can directly convert the seismic time to depth and get a fairly accurate
8 picture of the sand thickness. Our modeling shows that as the sand thins from 75 feet to
9 zero the top of the sand crosses from the trough of that down to a zero crossing to merge
10 with the peak of the basement event. At the zero crossing it's about 50 feet thick. That is
11 what these 50 foot marks are on this cross section. So, we have some points that we can
12 map directly, the maximum thickness, the zero crossing thickness, and the zero thickness.
13 When we go back to the map you can see that we have contoured this map in 50 foot
14 intervals, from 0 to 50, 50 to 100, 100 to 150. This is calibrated by the well control
15 which is 47 feet in the Vanity Fair well, 56 feet of gross thickness in the McCall 1-7, and
16 114 feet in the McCall 1-11. The engineer will explain how we used this exhibit to
17 determine the 50 percent factor and the productive reservoir volume calculations.

18 Q. Dr. Roberts, is it your testimony to this Board that based on the well control data and the
19 seismic information that you have examined and interpreted that you have included into
20 this proposed enlarged unit all potentially productive acreage that would contribute to
21 production in the North Monroeville Field-Wide Oil Unit?

1 A. Yes.

2 Q. Is it also your testimony to the Board that this is the best evidence available given the
3 seismic information and the well control data that can be brought to this Board for the
4 purpose of determining equities for those working and royalty interest owners in the 15
5 tracts that we have proposed in the enlarged unit?

6 A. Yes.

7 Q. Is it your professional opinion, Dr. Roberts, that this map will allow us to determine the
8 relative contribution which each of these separate 15 tracts would contribute to total unit
9 production?

10 A. Yes.

11 MR. WATSON: My next witness, Mr. Chairman, is Jerry Elgin who is my engineering
12 witness. Mr. Elgin has not appeared before you but does have on file an affidavit of his
13 qualifications. Mr. Elgin, would you please give the Board a brief summary of your educational
14 background and work experience?

15 MR. ELGIN: Yes. I have a Bachelor of Science Degree from Mississippi State
16 University in Petroleum Engineering. I have done graduate work at Louisiana Tech University.
17 I am currently serving as Vice President of Palmer Petroleum since January of 2001. Prior to
18 that, back to 1983, I have held various assignments throughout the industry in petroleum
19 engineering.

20 MR. WATSON: Do you have responsibilities in the engineering area for the North
21 Monroeville Field-Wide Oil Unit?

1 MR. ELGIN: Yes I do.

2 MR. WATSON: Have you prepared exhibits in support of these petitions today to
3 enlarge the Unit and to redetermine the tract participation factors for the tracts--existing tracts
4 and for the new tracts in the Unit.

5 MR. ELGIN: Yes. I have prepared Exhibits L through U and will be testifying as to the
6 contents of those exhibits.

7 MR. WATSON: Mr. Chairman, I tender Mr. Elgin as an expert petroleum engineering
8 witness.

9 CHMN. MCCORQUODALE: He is so recognized.

10 JERRY ELGIN

11 Appearing as a witness on behalf of Petitioner, Palmer Petroleum, Inc., testified as
12 follows:

13 DIRECT EXAMINATION

14 Questions by Mr. Watson:

15 Q. Let's turn in the booklet of exhibits, Mr. Elgin, to Exhibit L which is entitled rock and
16 fluid properties. Using the information on this exhibit, give the Board the key points
17 about this reservoir.

18 A. If you will, refer to Exhibit L, rock and fluid properties of the North Monroeville Field-
19 Wide Oil Unit. Several different properties are listed. Rock properties, fluid properties
20 and original in-place volumes are all calculated within this exhibit. You will note that the
21 average porosities in these wells vary from 16.08 percent in the Vanity Fair 1-9 No. 2 to

1 17.14 percent in the McCall 1-7 No. 1. Connate water saturation is relatively equal
2 throughout the wells. Average permeability ranges from 111 millidarcies in the McCall
3 1-7 No. 1 to 182 millidarcies in the McCall 1-11 No. 1. The fluid properties are as
4 follows: The initial reservoir pressure as measured in the Vanity Fair 1-9 No. 2 in June
5 1997, was 4,890 psi. The measured reservoir pressure on January 25, 2002, is listed there
6 for all three wells. It was 4,673 psi for the Vanity Fair well, 4,779 psi in the McCall 1-7
7 No. 1, and 4,710 psi in the McCall 1-11 No. 1. Below that are listed the fluid properties
8 which were taken from a PVT analysis on a fluid sample from the Vanity Fair 1-9 well.
9 You will notice that the saturation pressure is listed as 1,283 psi, oil gravity is 59, the oil
10 volume factor was calculated at the saturation pressure of 1.5157 reservoir barrels per
11 stock tank barrel, and then an initial reservoir pressure of 1.4098 reservoir barrels per
12 stock tank barrel. The solution gas-oil ratio varies from 178 cubic feet per barrel in the
13 McCall 1-7 No. 1 well to 614 cubic feet per barrel in the Vanity Fair 1-9 No. 2 well.
14 Original oil-in-place volumes were calculated for the three wells. You will see that the
15 Vanity Fair has 496 stock tank barrels per acre-feet, the McCall 1-7 No. 1 has 519 stock
16 tank barrels per acre-foot, and finally the McCall 1-11 No. 1 has 543 stock tank barrels
17 per acre-foot.

18 Q. All right, sir. Let's turn to Exhibit M. Tell the Board what is shown on that exhibit,
19 please sir.

20 A. In the upper section of this chart labeled Exhibit M is the production on the Vanity Fair
21 1-9 No. 2 well. Cumulative production through December 2001 was 337,830 barrels of

oil. This represents the oil that has been produced since the well was recompleted to the upper interval in May of 1998. Also there is the average daily production for December 2001 of 192 barrels of oil per day and 116 Mcf of gas per day. The well has produced no water. Flowing tubing pressure was 750 psi on a 12/64" choke. In the lower part of this exhibit are the production figures for the McCall wells that are showing the dates of March 12th through March 22nd. On March 22nd we ran a productivity test on these two wells in accordance with the guidelines of Order 98-17 that show a 24-hour period of production following a minimum of 72 hours of stabilized flowing against normal line pressures. You will note that on March 22nd the McCall 1-7 No. 1 well produced 755 barrels of oil, 182 Mcf of gas per day with 1,550 pounds flowing tubing pressure on a 12/64" choke while the McCall 1-11 No. 1 well on the same day produced 574 barrels of oil, 102 Mcf of gas per day with 950 pounds flowing tubing pressure on a 12/62" choke. The following exhibits, N-1 through N-3, are the OGB-9 forms that have been filed on each of the three wells showing the productivity tests that were run. Exhibit No. N-2 is the McCall 1-7 No. 1, again showing that production volume that I just outlined for you. Exhibit No. N-3 is on the McCall 1-11 No. 1 outlining that. Exhibit N-1 is included as the previous test that was run on the Vanity Fair 1-9 No. 1 well upon its recompletion in May 1998. According to the rules this did not have to be redetermined.

Q. Now before we leave Exhibit M, Mr. Elgin, you are reporting this gas production. Isn't it true that all this gas is sweet gas and is taken to a plant and sold as part of the unitized substances?

1 A. Yes. The gas is sent to a facility that we have in Monroeville.

2 Q. The next two exhibits, O and P, were included in the initial hearing when the North
3 Monroeville Field-Wide Oil Unit was approved by the Board in its Order 98-71. Is that
4 correct?

5 A. That is correct. Exhibit O outlines the definition of pay thickness to show that the same
6 definition was used to determine pay thickness for the McCall 1-7 No. 1 and the McCall
7 1-11 No. 1. Exhibit P is included as a reminder that the unit formula remains unchanged.

8 Q. You also included from the previous hearing under Docket Nos. 11-12-9713 and 9714
9 Exhibits No. Q-1 and Q-2. Is that correct?

10 A. That is correct. These exhibits give three examples relating to hypothetical well locations
11 and the application of well productivity parameters in accordance thereof. These
12 examples were explained to the Board in an earlier hearing when the North Monroeville
13 Field-Wide Unit was formed.

14 Q. Let's now turn to Exhibits Q-3 and Q-4. Am I correct in stating that these exhibits depict
15 the actual location of the three wells and that based upon the procedures for determining
16 well productivity parameters you have calculated the well productivity factors for the
17 exact bottom hole locations of these wells?

18 A. That is correct. If you will, follow as I go through these exhibits. Tract No. 1 contains
19 the Vanity Fair 1-9 No. 2 well. Therefore, Tract 1 initially received a well productivity
20 credit of 512 barrels of oil per day. However, the McCall 1-11 No. 1 was directionally
21 drilled at a location that wound up approximately 169.64 feet from the West line of Tract

1 1. According to Exhibit C, Section 7 of the Unit Operating Agreement which is also
2 included in this exhibit booklet as Exhibit S, the wells that are--if a well is drilled closer
3 than 330 feet from a tract boundary the well productivity parameter will be shared with
4 the tract or tracts closer than 330 feet from the bottom hole location of the well.
5 Therefore, the well productivity parameter for the McCall 1-11 No. 1 is divided between
6 Tracts 1 and 4 in proportion to the area of the 330 foot radius circle within each tract.
7 The percentage of the area of the 330 foot circle within Tract 1 is 18.8 percent. As you
8 can see, the well productivity parameter for Tract 1 is then calculated by multiplying the
9 well productivity for the Vanity Fair 1-9 No. 2 by 81.2 percent and then adding the
10 percentage of the well productivity from the McCall 1-11 No. 1 that is attributable to
11 Tract 1 or 18.8 percent of 574 barrels of oil per day. This figure is calculated at 524
12 barrels of oil per day. Tract 2 contains the McCall 1-7 No. 1 well which produced 755
13 barrels on its productivity test. However, according to the Unit Agreement Section
14 1.20.1 as approved by the Board under Board Order 98-71 if the well productivity factor
15 is being determined for a tract containing less than 160 acres, the factor will be reduced
16 in the proportion that the total surface acreage of the tract bears to 160 acres. Therefore,
17 since Tract 2 contains only 80 acres the well productivity is reduced by 50 percent. So,
18 the well productivity factor for Tract 2 is 755 barrels of oil per day multiplied by 50
19 percent or 378 barrels of oil per day. Tract No. 4 contains the McCall 1-11 No. 1 well.
20 As in Tract 1, according to Exhibit C, Section 7 of the Unit Agreement and since the well
21 is located 169.64 feet from the East line of the tract, the production of the well is

allocated between Tract 1 and Tract 4. Tract 4 is entitled to 81.2 percent of the well productivity of the McCall 1-11 well which is 574 barrels of oil per day multiplied by 81.2 percent or 466 barrels of oil per day.

Q. All right. Let's turn now to your Exhibit R. I see the unit participation formula and a listing of five tracts on the right side and the unit participation percentage for each tract. Does this reflect the unit tract participations in accordance with the unit formula that is in effect today?

A. Yes that is correct. This exhibit has been included to show those percentages and as a comparison between the proposed revised participation factors that will be discusses later in Exhibit U.

Q. If Palmer, as unit operator, drilled the McCall 1-7 No. 1 and the McCall 1-11 No. 1 wells from a common surface location and following the drilling and completion of those wells--did Palmer schedule completion of both wells at the same time?

A. Yes that it correct. The wells were drilled consecutively and then completed at the same time.

Q. Once the wells were completed and tested, Palmer, as unit operator, had new and different information that was not available when the North Monroeville Field-Wide Unit was formed. Is that correct?

A. That is correct. Both wells were successfully completed in the unitized formation as described in Board Order 98-71. Under the procedures contained in the Unit Agreement as approved by the Board and in accordance with the Board's Order, the new data had to

1 be incorporated and brought before this Board for review and approval. The new data
2 also indicated the necessity of enlarging the field and unit to take in additional parcels
3 that have been proven to underlay the unitized formation which requires a
4 redetermination of the tract participation factors for the original five tracts and the
5 establishment of tract participation factors for the ten new tracts that Palmer, as unit
6 operator, recommends be included in the North Monroeville Field-Wide Oil Unit.

7 Q. In fact, Mr. Elgin, didn't our Agreement and the prior Order require us to petition the
8 Board within 60 days of the completion of those wells to come in and do this
9 redetermination?

10 A. Yes. That is correct.

11 Q. All right. Let's turn to Exhibit S entitled tract factor redetermination procedure. Is this the
12 same as Exhibit N in Docket 11-12-9713 and 9714 that was presented to the Board in the
13 support of the initial creation of the North Monroeville Field-Wide Oil Unit?

14 A. Yes. This is the same exhibit. The procedure for the redetermination of tract factors is
15 spelled out in this Agreement and it follows procedures prescribed in Section 5.2 of the
16 Unit Agreement approved by this Board in its Order 98-71.

17 Q. Did Palmer follow this procedure in the redetermination factors that we will be
18 presenting to the Board today?

19 A. Yes we did.

20 Q. All right, sir. Let's turn to your Exhibit T and explain what's shown on Exhibit T, please,
21 sir.

1 A. Exhibit T shows the conversion of the gross productive acre-feet in the formation to net
2 productive acre-feet for the determination of the productive reservoir volume parameter
3 in the tract participation formula. The total gross productive acre-feet was determined by
4 planimentering the isopach map that was prepared by Dr. Roberts and is presented here as
5 Exhibit J. The gross acre-feet was then converted to net acre-feet as shown here in
6 Exhibit T. For instance, Tract 1 contains the Vanity Fair 1-9 No. 2 well which has 47
7 feet of gross pay and 25 feet of net pay which is a ratio of net-to-gross pay of 53.19
8 percent. The planimeted gross productive acre-feet in Tract 1 is 4,877.71 acre-feet
9 which, when multiplied by the net-to-gross ratio, yields a total net productive acre-feet of
10 2,594.53 acre-feet. The total net productive acre-feet for Tract 2 and Tract 4 were
11 computed in similar fashion. Tracts 3 and then Tracts 5 through 15 do not contain wells,
12 so in order to provide a conversion from gross productive acre-feet to net productive
13 acre-feet, a conversion factor was used which is the average net-to-gross ratio of the three
14 wells within the unit. That was computed by dividing the 151 total net feet by the 217
15 total gross feet which yields a ratio of 69.59 percent. The net productive acre-feet within
16 each tract is then divided by the total net productive acre-feet within the unit to determine
17 the productive reservoir volume parameter for each of the 15 tracts. As you can see,
18 Tract 1 has 2,594.53 acre-feet and the unit contains a total of 18,096.50 acre feet. So,
19 Tract 1 receives a productive reservoir volume parameter of 14.33718 percent.

1 Q. Have you followed the procedures outlined in Exhibit S in redetermining the tract
2 participation factors for the tracts in the proposed enlarged North Monroeville Field-
3 Wide Oil Unit?

4 A. Yes I have.

5 Q. Are those results reflected in your Exhibit U?

6 A. They are.

7 Q. Let's go to that exhibit and go through some examples as you explain that exhibit to the
8 Board.

9 A. Okay. If you will, look at Tract 1 on this exhibit. It contains 160 acres. The productive
10 area is calculated from the isopach map presented as Exhibit J as 98.03 acres. This
11 represents 15.03229 percent of the total productive area in the enlarged unit. Using the
12 conversion outline in Exhibit T, Tract 1 contains 2,594.53 acre-feet of reservoir volume
13 which is 14.71582 percent of the total reservoir volume. This figure is 50 percent of the
14 tract participation factor. Well productivity was determined as previously described in
15 Exhibit Q-3 as 524 barrels of oil per day for Tract 1 or 38.29634 percent of the total
16 productivity of 1,368 barrels of oil per day. Applying these figures to the unit
17 participation formula a 50 percent productive reservoir volume and 50 percent well
18 productivity yields a unit participation for Tract 1 of 26.316760 percent. The unit
19 participation of the remaining tracts are defined in similar fashion and these figures and
20 percentages are presented for Tracts 1 through 15 in Exhibit U.

1 Q. All right. These tract factors, these individual tract factors, are further broken down by
2 the ownerships in the various tracts. That's what we will be presenting with our land
3 witness in the proposed redetermination tract factors that we have. Is that correct?

4 A. That is correct.

5 Q. Now Mr. Elgin, in our Unit Operation Statute of the State of Alabama we need to
6 describe to this Board the nature of our unit operations that are contemplated to enhanced
7 recovery from this Unit. Of course, the Unit has already been created and, Mr. Chairman,
8 for the record I would point out that when the initial North Monroeville Field was
9 unitized the law required 75 percent ratification. Now the law has been changed to 66
10 2/3. We, of course, are complying with that even though it is stated 75 percent in the
11 Unit Agreement. Your unit operations, Mr. Elgin, in this built-up area in and around the
12 City of Monroeville, tell the Board how the Unit is helpful to Palmer in producing the
13 hydrocarbons that you have discovered. Can you locate the wells at optimum locations,
14 given the build-up of the city?

15 A. It would be very difficult. No.

16 Q. Okay. So, you have created units so as to do away---in other words, you really can't drill
17 these prospects on 160-acre drilling units like are normal for the Frisco City sand, can
18 you?

19 A. That is correct.

1 Q. By unitizing an area then you can drill the wells at the best locations and in this case you
2 have even directionally drilled wells to the optimum geologic location on the structures
3 as depicted by your seismic, have you not?

4 A. That is correct.

5 Q. What plans does Palmer Petroleum have for additional unit operations in the proposed
6 enlarged North Monroeville Field-Wide Unit, Mr. Elgin?

7 A. We have plans to drill two additional wells in the very near future.

8 Q. Can you tell this Board where those wells might be?

9 A. They would be located in Tract 3.

10 Q. Okay. Would those wells be directionally drilled from a common location?

11 A. Yes. They would be drilled from a location in the Southeast Quarter of Section 2.

12 Q. I assume you would drill the first well from that location and depending on its results and
13 if it's successful you would drill a second well. Is that the scenario or are you drilling
14 two wells regardless?

15 A. The second well would depend on the outcome of the first well.

16 Q. Would you follow the same procedure that you did in drilling these two wells, the two
17 McCall wells? Would you drill them both and then complete them both at the same
18 time?

19 A. That is correct.

20 Q. Is that an economy of effort if you do it like that?

21 A. Yes.

- 1 Q. You also understand that if we do that we still have the obligation to petition this Board
2 within 60 days of the completion of those additional wells for yet another redetermination
3 hearing. Do you understand that?
- 4 A. Yes.
- 5 Q. It is also possible, is it not, Mr. Elgin, at that time that the information derived from the
6 drilling of those two wells could warrant an additional unit enlargement?
- 7 A. It is possible.
- 8 Q. Is it the position of Palmer at this time that this would really be what we would call
9 infield drilling or you are drilling up the structure as you depict it now?
- 10 A. Yes, that's correct.
- 11 Q. Is it also your opinion, and I'll ask Dr. Roberts this, that we pretty much have included,
12 based on our seismic, all the potentially productive area in this unit?
- 13 A. Yes.
- 14 Q. So, these two additional wells would then accelerate production, thus enhancing recovery
15 of the hydrocarbons?
- 16 A. That is correct.
- 17 Q. You understand that if the Board approves the plans that we have for the unit, we have to
18 secure the ratifications and bring those ratifications back to this Board for approval. Is
19 that correct?
- 20 A. That is correct.

1 Q. Tell the Board what is happening now, since you are the Vice-President of the company,
2 Mr. Elgin, with the royalties that are being accrued from the production.

3 A. The royalties are currently being escrowed in an interest bearing account.

4 Q. Once this Board approves the tract redetermination factors then those escrowed royalties
5 will be distributed based on their participations with interest to the royalty owners?

6 A. That is correct.

7 MR. WATSON: My next witness, Mr. Chairman, is our land witness, Greg Cooper. Mr.
8 Cooper, you have appeared before the Board and have on file an affidavit of your qualifications
9 as a petroleum landman. Is that correct?

10 MR. COOPER: That's correct.

11 MR. WATSON: I stated in my opening statement that you have been the landman in
12 Monroeville for Palmer since the early days of the Monroeville Field. Have you been there
13 throughout the North Monroeville Unit and are you familiar with the proposal here today to
14 enlarge the North Monroeville Field-Wide Unit?

15 MR. COOPER: Yes sir I am.

16 MR. WATSON: Once the determination was made to add the additional ten tracts, were
17 you assigned the responsibility to determine the ownership in those ten additional tracts?

18 MR. COOPER: Yes sir, I was.

19 MR. WATSON: I tender Mr. Cooper as an expert petroleum landman for giving
20 testimony in this item, Mr. Chairman.

GREG COOPER

Appearing as a witness on behalf of Petitioner, Palmer Petroleum, Inc., testified as follows:

DIRECT EXAMINATION

Questions by Mr. Watson

Q. Mr. Cooper, without belaboring all the ownerships here, tell us what is shown on this spreadsheet that I have just handed up as Schedule E. This Schedule E will be attached to our proposed amended Unit Agreement and Unit Operating Agreement. What is shown on this spreadsheet, please, sir?

A. These are the various mineral and/or landowners that are involved in what I call the blue area, the proposed enlarged unit area in the North Monroeville Field.

Q. All right, sir. It also includes the owners in the original five tracts, does it not?

A. That's correct. Tracts 1 through 5 are the original tracts. Six through 15 are the proposed enlarged area.

Q. Does this sheet reflect the redetermined tract participation factors for all these owners that are shown on here in accordance with the testimony of Mr. Elgin to the best of your knowledge?

A. Yes sir, it does.

Q. Mr. Cooper, what I have handed up and have marked as exhibits are two documents, one is called the royalty owner and overriding royalty owner ratification document of the Unit Agreement and the other is the working interest owner ratification document for the

1 working interest owners for the amended Unit Agreement. Are you familiar with those
2 documents?

3 A. Yes sir. We used the same form on the first approval of the application.

4 Q. Tell this Board what your procedure will be for getting ratification of the amended Unit
5 Agreement and Unit Operating Agreement from the working and royalty interest owners
6 if they approve this today.

7 A. As you can tell from the printout it's going to be quite an extensive job but we will, of
8 course, go to the large interest owners first on a face-to-face visit to get their approval
9 and to share with them the Unit Agreement should they want to take a look at it and have
10 that available to anyone that would want to look at it. Then we were planning on shot-
11 gunning out to the rest of the folks throughout town a mail-out form and have them return
12 it to us there in Monroeville. We will have a store-front on the square directly across the
13 street from the Courthouse with frontage on the square there, an office set up for them to
14 be able to come to should we not get to everyone personally. They can come to see us.
15 We'll have a map posted on the window with the outline of the proposed area so anyone
16 that was going by the square can take a look at the proposed area and if they feel like they
17 are in it they can stop in and visit with us. We'll have myself and four or five other
18 landmen on the ground there in Monroeville five or six days a week until we get 66
19 percent of this approved.

20 Q. 66 2/3 percent.

21 A. Excuse, 66 2/3 percent approval.

1 MR. WATSON: Now, the final document that I will hand up, Mr. Chairman, is the
2 proposed amendments to the Unit Agreement and Unit Operating Agreement. If Mr. Hamilton
3 will indulge me, we will need to attach one of those large Exhibit E's to these for the record. I
4 would ask that those proposed amendments to the Unit Agreement and the Unit Operating
5 Agreement be received into the record of this hearing along with Exhibit E, Mr. Chairman, that I
6 have handed up and the ratification document, both for the working, royalty, and overriding
7 interest owners.

8 CHMN. MCCORQUODALE: All of those documents to which you have referred are
9 admitted.

10 (Whereupon, the amendments, exhibit and ratification
11 documents were received in evidence)

12 MR. WATSON: I'll ask all of my witnesses, starting first with Mr. Elgin. Mr. Elgin,
13 would the approval of these consolidated petitions to redetermine the tract participation factors
14 for an enlarged North Monroeville Field-Wide Oil Unit prevent "waste" and protect correlative
15 rights and promote the conservation of oil and gas resources of the State of Alabama?

16 MR. ELGIN: Yes it would.

17 MR. WATSON: Dr. Roberts?

18 DR. ROBERTS: Yes it would.

19 MR. WATSON: Mr. Zerrahn?

20 MR. ZERRAHN: Yes it would.

21 MR. WATSON: Mr. Cooper?

1 MR. COOPER: Yes sir.

2 MR. WATSON: I ask that you receive into the record of the hearing Exhibits A through
3 U to the testimony of my witnesses.

4 CHMN. MCCORQUODALE: All the exhibits are admitted.

5 (Whereupon, the exhibits were received in evidence)

6 MR. WATSON: I tender my witnesses to any interested parties and the Board for
7 questions any of you may have.

8 MR. ROGERS: Just a couple of technical points, Mr. Watson. These confidential
9 exhibits and seismic exhibits should be signed. We need to give them an exhibit number. I
10 guess we could just give them the next exhibit number that follows. The next question is, Mr.
11 Watson, on the official exhibits here, Exhibit Q-3 revised, we assume that you just stapled Q-3
12 revised on top of Q-3. We assume that Q-3 is not an exhibit. The only exhibit is Q-3 revised?

13 MR. WATSON: Correct. Thank you. These exhibit booklets came to Tuscaloosa by
14 way of Waco, Texas, and arrived this morning. We had to do a little quick adjusting.

15 MR. ROGERS: Mr. Chairman, we do have two letters here, one from Mr. Sledge, and
16 the other one from Mr. Locklin.

17 CHMN. MCCORQUODALE: The letters are admitted.

18 (Whereupon, the letters were received in evidence)

19 MR. WATSON: I think Dr. Oltz or Mr. Rogers one has received a letter from Jerry
20 Curran, an attorney in Mobile who supports this. I would ask that that be made a part of the
21 record.

(The staff has no record of having received the
letter referenced by Mr. Watson)

CHMN. MCCORQUODALE: Mr. Sledge?

MR. SLEDGE: For the record I represent the A. J. Locklin, Jr. Trust. I have a question
for the land witness.

GREG COOPER

CROSS EXAMINATION

Questions by Mr. Sledge:

Q. Greg, you have a daunting task given the number of town lots in this prospect. Yesterday
y'all were good enough to meet with me and go over one of the title matters relating to
Tract 2 which was part of the original unit which remains unresolved--this is a long
question, Mr. McCorquodale--and earlier in the week Mr. Tyra furnished us with a title
opinion laying out the issue that needed to be addressed. Greg told me yesterday that the
commitment of Palmer was that it was going to put enough resources, main men or
whatever, in the field to resolve these open title issues. I just wanted that on the record
that you do agree that Palmer is going to put the resources needed to get these monies
dispersed?

A. Correct, yes sir.

MR. SLEDGE: Thank you.

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

1 MR. ROGERS: I suppose I should probably ask this question just for clarification, Mr.
2 Watson and the Palmer witnesses, under that original Unit Agreement--original Order it said that
3 as wells were drilled that petitions would be filed for redetermination and that's what you have
4 done, but in addition to filing petitions for redetermination you filed a petition to enlarge the unit.
5 Well, if we had--sort of a comment too--if we had heard just the petition for redetermination
6 without enlargement, then that redetermination would have been effective immediately but since
7 you have petitioned to enlarge as well then it appears to us that the whole--all of these petitions,
8 or at least redetermination and expansion, is depending on ratification. I suppose your request
9 would be and the order will need to reflect that these will be granted with the stipulation that they
10 will only come into effect, all of these, when the ratification is submitted and approved.

11 MR. WATSON: That's absolutely correct, yes sir.

12 MR. ROGERS: I don't think we have ever had that situation where the redetermination
13 had to be effective only if the ratification came in.

14 MR. WATSON: It would be a gross inequity not to do it that way, given what we have
15 now and given what we know. In other words, it would be inequitable just to redetermine the
16 original five tracts and produce those and not protect the outside tracts. So, it's a very rare thing
17 but that's the way we propose to do it.

18 MR. DAMPIER: Let me ask a question real quick. This unit formula, is that a standard
19 formula or how did you come up with that formula?

20 MR. WATSON: Mr. Dampier, at the time we presented this back in 1997 the 50/50
21 formula was probably the most frequently used formula but any operator in coming up with a

1 formula has to look at the particular's of that field. In this case we felt like that well productivity
2 certainly had to be accounted for and then some factor to take into account those areas that
3 would contribute that would not have a well on it. So, 50/50 seemed to be the most equitable
4 formula that would comply with the law in that we had to reflect the relative contribution
5 expected from each tract in the unit. That was the case. It went all the way to the Supreme
6 Court on the Hatter's Pond Unit where we had to make that a firm finding before the Board. So,
7 that was the reason that it was selected.

8 MR. DAMPIER: I just want to clarify this. You're talking about the bottom hole of the
9 well. That's where the tract is going to get, it's the bottom-hole, right?

10 MR. WATSON: Yes sir.

11 MR. DAMPIER: Okay because you guys testified that you are not going to be able to
12 drill in the optimum geologic location, therefore it is the bottom hole that determines.

13 MR. WATSON: Right. Maybe not the optimum surface location--

14 MR. DAMPIER: Surface location.

15 MR. WATSON: ---to intercept the geology because of the town and the city lots and the
16 ordinances. We have a few ordinances. Mr. Rogers, you raised a very good question and we
17 discussed this among ourselves. Mr. Chairman for your edification, we, in knowing that we
18 were going down this path, we came to your staff and we talked about procedures. My concern
19 was with leases and with people having received checks. Once we knew that we had new data
20 and the order required us to petition you within sixty days of completion of those wells, we felt
21 we had an obligation not to distribute money that would not be equitable. So, we, in discussion

1 with your staff, decided that a hearing was not necessary to escrow those funds. We did it
2 voluntarily and we notified the Supervisor of the fact that as of January 1 we escrowed those
3 funds in an interest drawing account. One other thing that we would like to do in the proposed
4 order since we are going to have to get ratification, Mr. Rogers points that out, he's technically
5 and legally correct in that, we will have a reference in there that these funds should be escrowed
6 in an interest bearing capacity until the ratifications are brought back to you and approved.

7 MR. DAMPIER: Mr. Chairman, with that said, I move that we grant petitions 6, 7 and 8
8 subject to a stipulation to be stated by Mr. Rogers and subject to the escrow that Mr. Watson just
9 stated.

10 CHMN. MCCORQUODALE: That stipulation that Mr. Rogers and Mr. Watson agreed
11 on was with regard to the ratification.

12 MR. ROGERS: That's right.

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

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

15 CHMN. MCCORQUODALE: "Ayes" have it.

16 MR. WATSON: Thank you, sir.

17 CHMN. MCCORQUODALE: Thank you.

18 MR. ROGERS: The next item is Item 18, Docket No. 4-17-02-10, a motion by the
19 Board.

20 MR. MASINGILL: Mr. Chairman, we have prepared an amended set of field rules for
21 the Turkey Creek Field that incorporates some rules related to unit operations. We have advised

1 the operator in the field, Pruet Production Company, of these changes and they do support them.
2 We would recommend that a copy of the field rules be admitted as an exhibit and would
3 recommend approval.

4 CHMN. MCCORQUODALE: The field rules are admitted as an exhibit.

5 (Whereupon, the exhibit was received in evidence)

6 MR. DAMPIER: I move that we grant that petition.

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

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

9 CHMN. MCCORQUODALE: "Ayes" have it.

10 MR. ROGERS: That's all the items, Mr. Chairman.

11 CHMN. MCCORQUODALE: We are adjourned.

12 (Whereupon, the hearing was adjourned at 11:40 a.m.)

1 REPORTER'S CERTIFICATE

2
3
4 STATE OF ALABAMA

5 COUNTY OF TUSCALOOSA
6

7 I, Rickey Estes, Hearing Reporter in and for the State of Alabama, do hereby certify that
8 on Friday, April 19, 2002, in the Board Room of the State Oil and Gas Board Building,
9 University of Alabama Campus, Tuscaloosa, Alabama, I reported the proceedings before the
10 State Oil and Gas Board in Regular Session; that the foregoing 61 typewritten pages contain a
11 true and accurate verbatim transcription of said proceedings to the best of my ability, skill,
12 knowledge, and belief.

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

16 
17 Rickey Estes
18 Hearing Reporter