

October 16, 2002

INDEX

	DIRECT RE-DIRECT	CROSS/ RE-CROSS	EXAM. BY BOARD/STAFF
1. Robert Wood	19-22	----	----
2. Ken Hanby	22-24	-----	-----

11-15-02
MC ✓
MR

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Board Exhibit	Proofs of Publication Item 11, Docket No. 8-28-02-9 Item 15, Docket No. 10-06-02-1 Item 16, Docket No. 10-16-02-2 Item 17, Docket No. 10-16-02-3 Item 18, Docket No. 10-16-02-4 Item 19, Docket No. 10-16-02-5 Item 20, Docket No. 10-16-02-6 Item 21, Docket No. 10-16-02-7 Item 22, Docket No. 10-16-02-8 Item 23, Docket No. 10-16-02-9 Item 24, Docket No. 10-16-02-10 Item 25, Docket No. 10-16-02-11 Item 26, Docket No. 10-16-02-12 Item 27, Docket No. 10-16-02-13 Item 28, Docket No. 10-16-02-14 Item 29, Docket No. 10-16-02-15	15	15
Board Exhibit	Hearing Officer Order	15	15
Exhibit 1(A) (Item 15)	Affidavit of testimony (John E. Brown)	17	18
Exhibit A (Item 15)	Amendment to Rule 22 Little Escambia Creek Field (John E. Brown)	17	18
Exhibit 1 (Item 16)	Area map, Blue Creek Coal Degas. Field (Robert Wood)	24	24
Exhibit 2 (Item 16)	Structure map, top of Mary Lee/Blue Creek Blue Creek Coal Degas. Field (Robert Wood)	24	24

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 3 (Item 16)	Isopach map, Pratt through Black Creek seams Blue Creek Coal Degas. Field (Robert Wood)	24	24
Exhibit 4 (Item 16)	Cross section A-A', Blue Creek Coal Degas. Field (Robert Wood)	24	24
Exhibit 5 (Item 16)	Chart of estimate of coal storage capacity for a well in the northeast portion of the expansion of the Blue Creek Field (Ken Hanby)	24	24
Exhibit 1 (Item 19)	Affidavit of notice (William T. Watson)	25	25
Exhibit 2 (Item 19)	Affidavit of testimony (Foster Kennedy)	26	26
Exhibit 1 (Item 20)	Affidavit of testimony (Clay C. Dickinson)	27	27
Exhibit 2 (Item 20)	Affidavit of notice (Steven F. Harrison)	27	27
Exhibit 3 (Item 20)	10/9/02 letter to Steve Harrison (James H. Griggs)	28	28
Exhibit 1 (Item 21)	Affidavit of testimony (Clay C. Dickinson)	28	29
Exhibit 2 (Item 21)	Affidavit of notice (Steven F. Harrison)	28	29

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 3 (Item 21)	10/9/02 letter to Steve Harrison (James H. Griggs)	28	29
Exhibit 1 (Item 22)	Affidavit of testimony (Clay C. Dickinson)	30	30
Exhibit 2 (Item 22)	Affidavit of notice (Steven F. Harrison)	30	30
Exhibit 3 (Item 22)	10/17/02 letter to Board (Steven F. Harrison) (Requested letter received following hearing of 10/16/02)	----	----
Exhibit 1 (Item 24)	Affidavit of testimony (Clay C. Dickinson)	31	31
Exhibit 2 (Item 24)	Affidavit of notice (Steven F. Harrison)	31	31
Exhibit 3 (Item 24)	10/17/02 letter to Board (Steven F. Harrison) (Requested letter received following hearing of 10/16/02)	----	----
Exhibit A (1-2) (Item 25)	Affidavit of testimony (Stanley L. Bishop)	31	32
Exhibit 1 (Item 25)	Correlation log showing gamma ray high resolution density, Cheney 16-09-394, White Oak Creek Coal Degas. Field (Stanley L. Bishop)	31	32

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 2 (Item 25)	Cross section A-A', White Oak Creek Coal Degas. Field (Stanley L. Bishop)	31	32
Exhibit 3 (Item 25)	Affidavit of notice (Steven F. Harrison)	31	32
Exhibit A (1-2) (Item 26)	Affidavit of testimony (Stanley L. Bishop)	32	32
Exhibit 1 (Item 26)	Correlation log showing gamma ray high resolution density, Chevron 20-14-114 Blue Creek Coal Degas. Field (Stanley L. Bishop)	32	32
Exhibit 2 (Item 26)	Cross section A-A', Blue Creek Coal Degas. Field (Stanley L. Bishop)	32	32
Exhibit 3 (Item 26)	Affidavit of notice (Steven F. Harrison)	32	32
Exhibit A (1-3) (Item 27)	Affidavit of testimony (Stanley L. Bishop)	33	33
Exhibit 1 (Item 27)	Correlation log showing gamma ray high resolution density, CLC 29-3-141 Short Creek Coal Degas. Field (Stanley L. Bishop)	33	33

October 16, 2002

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 2 (Item 27)	Correlation log showing gamma ray high resolution density, CLC 26-10-116 Short Creek Coal Degas. Field (Stanley L. Bishop)	33	33
Exhibit 3 (Item 27)	Cross section A-A', Short Creek Coal Degas. Field (Stanley L. Bishop)	33	33

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EXHIBITS
(Incorporated by Reference)

DESCRIPTION	OFFERED	RECEIVED
Transcript of Docket No. 5-29-02-8A related to the Copeland Gas Field, Washington County.	26	26

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

October 16, 2002

Testimony and proceedings before a Hearing Officer in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, pursuant to adjournment, on this the 16th day of October, 2002.

BEFORE:

Mr. Marvin Rogers..... Attorney

BOARD STAFF

Dr. Berry H. (Nick) Tew..... Secretary and Supervisor

Mr. Gary Wilson Deputy Director

Mr. Jay H. MasingillAssistant Supervisor

Dr. David E. BolinAssistant Supervisor

Mr. Richard Hamilton..... Engineer

Mr. Frank Hinkle Geologist

October 16, 2002

APPEARANCES

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NAME		REPRESENTING
1.	Steve Harrison Tuscaloosa, AL	El Paso Production Co.
2.	Bob Wood Tuscaloosa, AL	Phillips Petroleum Co.
3.	Ken Hanby Tuscaloosa, AL	Phillips Petroleum Co.
4.	Tom Watson Tuscaloosa, AL	-----

October 16, 2002

(The hearing was convened at 10:05 a.m.
on Wednesday, October 16, 2002, at Tuscaloosa, Alabama.)

MR. ROGERS: This hearing is in session. It's my pleasure to announce that Dr. Nick Tew has been appointed as the State Geologist and Supervisor of the State Oil and Gas Board. This is his first meeting. He was sworn in just a few minutes ago. Congratulations to Dr. Tew.

DR. TEW: Thank you, Marvin.

MR. ROGERS: He will assume his duties as the Supervisor now. The hearing is in session.

DR. TEW: The Hearing Officer and the staff will hear the uncontested items on the docket today and certain other items. The State Oil and Gas Board will hear the recommendations of the Hearing Officer, contested items, and certain other items beginning at 10:00 a.m. on Friday, October 18, 2002, at the Board's office in Tuscaloosa, Alabama.

AGENDA
STATE OIL AND GAS BOARD OF ALABAMA
OCTOBER 16 & 18, 2002

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

1. DOCKET NO. 10-31-01-12
Continued petition by EXXON MOBIL CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State

1 Oil and Gas Board to enter an order in accordance with the terms and conditions
2 of Rules 400-1-7-01 and 400-2-6-.10(4)(b) of the State Oil and Gas Board of
3 Alabama Administrative Code approving the installation of bi-directional piping
4 and metering connections for the installation of approved meters to the inlet
5 pipelines of its Mary Ann Treating Facility, Mobile 823 Treating Facility and the
6 Onshore Treating Facility in order to allow production from Petitioner's offshore
7 leases to be treated in any of these three (3) ExxonMobil operated onshore
8 facilities located in Coden, Mobile County, Alabama. Petitioner's initial pipeline
9 installation will include one 12-inch gas pipeline, one 8-inch gas pipeline, one 6-
10 inch liquid pipeline, one 4-inch liquid pipeline and one 4-inch utility line, each
11 approximately 1000 feet in length. The installation of such pipelines will afford
12 Petitioner greater flexibility in directing flow in order to best utilize plant
13 capacity, meet operational needs, and maximize the production of Alabama's
14 offshore hydrocarbon resources.

15
16 2. DOCKET NO. 2-13-02-1

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

25 3. DOCKET NO. 2-13-02-2

26 Continued petition by BLACK WARRIOR METHANE CORP., an Alabama
27 corporation, requesting the State Oil and Gas Board to enter an order reforming
28 the unit for the Champion/Alawest 08-03-308 Well, Permit No. 12224-C, from an
29 80-acre unit consisting of the North Half of the Northwest Quarter of Section 8,
30 Township 20 South, Range 8 West, Tuscaloosa County, Alabama, in the
31 Brookwood Coal Degasification Field, to a 40-acre unit consisting of the
32 Northeast Quarter of the Northwest Quarter of Section 8, Township 20 South,
33 Range 8 West, Tuscaloosa County, Alabama.

34
35 4. DOCKET NO. 3-13-02-9

36 Continued petition by MEDALLION EXPLORATION, a foreign corporation
37 authorized to do and doing business in the State of Alabama, requesting the State
38 Oil and Gas Board to enter an order force pooling, with a risk compensation
39 penalty, all tracts and interests in hydrocarbons produced from formations of
40 Mississippian and Pennsylvanian Age, from the proposed re-entry of the Keasler 4-2

1 #1 Well, Permit No. 5567, located on a proposed 320-acre wildcat unit consisting of
2 the North Half of Section 4, Township 19 South, Range 15 West, Pickens County,
3 Alabama.

4
5 This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as
6 amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama
7 Administrative Code.
8

9 5. DOCKET NO. 4-17-02-3

10 Continued petition by ENERGEN RESOURCES CORPORATION, an Alabama
11 corporation, requesting the State Oil and Gas Board to enter an order confirming that
12 natural gas produced from the USX-TAURUS-88-18-7-34-11 #781, Permit No.
13 6072-C, is occluded natural gas produced from coal seams in the Oak Grove Coal
14 Degasification Field, Jefferson County, Alabama. Petitioner avers that the above-
15 described well produces from coal seams and qualified under Section
16 107(c)(3)(High Cost Natural Gas) of the former Natural Gas Policy Act (NGPA),
17 15 U.S.C. 3413.
18

19 6. DOCKET NO. 4-17-02-4

20 Continued petition by ENERGEN RESOURCES CORPORATION, an Alabama
21 corporation, requesting the State Oil and Gas Board to enter an order confirming that
22 natural gas produced from the USX-TAURUS-89-18-7-33-15-777, Permit No.
23 6174-C, is occluded natural gas produced from coal seams in the Oak Grove Coal
24 Degasification Field, Jefferson County, Alabama. Petitioner avers that the above-
25 described well produces from coal seams and qualified under Section
26 107(c)(3)(High Cost Natural Gas) of the former Natural Gas Policy Act (NGPA),
27 15 U.S.C. 3413.
28

29 7. DOCKET NO. 4-17-02-5

30 Continued petition by ENERGEN RESOURCES CORPORATION, an Alabama
31 corporation, requesting the State Oil and Gas Board to enter an order confirming that
32 natural gas produced from the USX-TAURUS-89-18-7-33-7-775, Permit No. 6099-
33 C, is occluded natural gas produced from coal seams in the Oak Grove Coal
34 Degasification Field, Jefferson County, Alabama. Petitioner avers that the above-
35 described well produces from coal seams and qualified under Section
36 107(c)(3)(High Cost Natural Gas) of the former Natural Gas Policy Act (NGPA),
37 15 U.S.C. 3413.
38

39 8. DOCKET NO. 4-17-02-6

40 Continued petition by ENERGEN RESOURCES CORPORATION, an Alabama
41 corporation, requesting the State Oil and Gas Board to enter an order confirming that

1 natural gas produced from the USX-TAURUS-88-18-7-28-10-749, Permit No.
2 6098-C, is occluded natural gas produced from coal seams in the Oak Grove Coal
3 Degasification Field, Jefferson County, Alabama. Petitioner avers that the above-
4 described well produces from coal seams and qualified under Section
5 107(c)(3)(High Cost Natural Gas) of the former Natural Gas Policy Act (NGPA),
6 15 U.S.C. 3413.

7
8 9. DOCKET NO. 4-17-02-7

9 Continued petition by ENERGEN RESOURCES CORPORATION, an Alabama
10 corporation, requesting the State Oil and Gas Board to enter an order confirming that
11 natural gas produced from the USX-TAURUS-88-18-7-27-12 #745, Permit No.
12 6067-C, is occluded natural gas produced from coal seams in the Oak Grove Coal
13 Degasification Field, Jefferson County, Alabama. Petitioner avers that the above-
14 described well produces from coal seams and qualified under Section
15 107(c)(3)(High Cost Natural Gas) of the former Natural Gas Policy Act (NGPA),
16 15 U.S.C. 3413.

17 10. DOCKET NO. 7-10-02-1

18 Continued petition by MEDALLION EXPLORATION, a foreign corporation
19 authorized to do and doing business in the State of Alabama, requesting the State
20 Oil and Gas Board to enter an order establishing a new oil field in Pickens
21 County, Alabama, to be named the Southwest Chicken Swamp Branch Oil Field,
22 or such other name as the Board deems proper, and to adopt Special Field Rules
23 therefor. The proposed field, as underlain by the Dunn Sand Oil Pool, consists of
24 all of Section 10, Township 19 South, Range 15 West, Pickens County, Alabama.

25
26 The Dunn Sand Oil Pool should be defined as that interval of Mississippian age
27 strata productive of hydrocarbons between the depths of 5,403 feet and 5,433 feet
28 as indicated on the Haliburton Spectral Density Dual Spaced Neutron Log for the
29 Gladys Dunn #10-10 Well, Permit No. 6416-A, and all zones in communication
30 therewith and all productive extensions thereof. Petitioner is requesting well
31 spacing of forty (40) acres, and is also requesting the establishment of allowables for
32 said field.

33
34 11. DOCKET NO. 8-28-02-9

35 Continued petition by LAND AND NATURAL RESOURCE DEVELOPMENT,
36 INC., an Alabama corporation, requesting the Board to further address the
37 Temporarily Abandoned Status for 134 wells, 34 wells which are operated by
38 Land and Natural Resource Development, Inc. and 100 wells which are operated
39 by TECO Coalbed Methane, Inc., all of which are located in the Moundville Coal
40 Degasification Field, Tuscaloosa and Hale Counties, Alabama. The Board has

1 addressed the status of these wells in Board Order 2002-137(1), and in said order
2 stayed prior Order Nos. 2001-85 and 2001-162 to the extent that such orders
3 required plugging and abandonment of all wells by August 31, 2002. Petitioner
4 desires to resume operation and asks the Board to extend the temporarily
5 abandoned status of these wells, because they have future utility. These wells are
6 located in the following sections:

7
8 Township 23 North, Range 3 East

9 Sections: 13, 24

10
11 Township 23 North, Range 4 East

12 Sections: 7, 8, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 28, 29, 30

13 Township 23 North, Range 5 East

14 Sections: 1, 3, 4, 5, 7, 8, 9, 15, 16, 17, 18, 19, 20

15 Township 24 North, Range 4 East

16 Sections: 24, 25

17
18 Township 24 North, Range 5 East

19 Sections: 19, 30, 31

20
21 12. DOCKET NO. 8-28-02-10

22 Continued petition by CASTLE EXPLORATION CO., INC., a foreign corporation
23 authorized to do and doing business in the State of Alabama, requesting the State Oil
24 and Gas Board to enter an order amending Rule 2 of the Special Field Rules for the
25 Deerlick Creek Coal Degasification Field, Tuscaloosa County, Alabama to add the
26 Northeast Quarter of the Southeast Quarter; the Northwest Quarter of the Southeast
27 Quarter; the Northeast Quarter of the Southwest Quarter; the Northwest Quarter of
28 the Southwest Quarter; and the Southwest Quarter of the Southwest Quarter, all in
29 Section 35, and the Northwest Quarter of the Southwest Quarter of Section 36, all in
30 Township 20 South, Range 9 West, Tuscaloosa County, Alabama, to the field limits
31 of said field.

32
33 This petition is a companion to petition bearing Docket No. 8-28-02-11 requesting
34 establishment of a partial field-wide unit to be known as Unit I of the Deerlick
35 Creek Coal Degasification Field and Docket No. 8-28-02-12 requesting
36 establishment of a partial field-wide unit to be known as Unit II of the Deerlick
37 Creek Coal Degasification Field.

13. DOCKET NO. 8-28-02-11A

Continued amended petition by CASTLE EXPLORATION CO., INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order pursuant to Sections 9-17-1 through 9-17-33 and 9-17-80 through 9-17-88, Code of Alabama (1975) approving and establishing a partial field-wide Unit, to be known as Unit I of the Deerlick Creek Coal Degasification Field, Tuscaloosa County, Alabama, consisting of the hereinafter described "Unit Area" in said field, and requiring the operation of said Unit Area as a single Unit in order to avoid the drilling of unnecessary wells, increase the efficiency of operations and improve the ultimate recovery of occluded natural gas from the Unitized Formation, as hereinafter defined, and avoid waste. The "Unitized Formation" is to be designated as the Pottsville Coal Interval and is defined as the productive coal seams found between the depths of 595 feet and 2,767 feet as encountered in the Ramsay McCormack 35-5 Well, Permit No. 11228-C, located in Section 35, Township 20 South, Range 9 West, Tuscaloosa County, Alabama, as indicated on the density log of said well, and all zones in communication therewith and all productive extensions thereof, including any coal seam stringer that might occur within a depth of either 80 feet above or 80 feet below the Pottsville Coal Interval, and including those coal seams which can be correlated therewith. Petitioner further seeks approval of the Unit Agreement and Unit Operating Agreement, as ratified, in accordance with Section 9-17-84, Code of Alabama (1975), and approval of the amendments to the Special Field Rules for the Deerlick Creek Coal Degasification Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

Petitioner further seeks entry of an order unitizing, pooling and integrating the Unit Area, as underlain by the above defined unitized formation so as to require all owners or claimants of royalty, overriding royalty, mineral, and leasehold interests within the Unit Area to unitize, pool and integrate their interests and develop their lands or interests as a Unit, and designating Castle Exploration Co., Inc. as operator of the Unit Area in accordance with the laws of Alabama. The proposed Unit Area, to be designated Unit I, consisting of 157 acres, more or less, and described as follows: East Half of the Southeast Quarter of Section 34; and the West Half of the Southwest Quarter and the Northeast Quarter of the Southwest Quarter of Section 35, all in Township 20 South, Range 9 West, Tuscaloosa County, Alabama, in the Deerlick Creek Coal Degasification Field, less and except from the above described property all of those certain lands condemned by the United States of America for the Holt Lock & Dam Project as described in Deed Book 510 at Page 343 of the records of the Probate Judge of Tuscaloosa County, Alabama.

This petition is a companion to petition bearing Docket No. 8-28-02-10 to add acreage to the Deerlick Creek Coal Degasification Field.

14. DOCKET NO. 8-28-02-12A

Continued amended petition by CASTLE EXPLORATION CO., INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order pursuant to Sections 9-17-1 through 9-17-33 and 9-17-80 through 9-17-88, Code of Alabama (1975) approving and establishing a partial field-wide Unit, to be known as Unit II of the Deerlick Creek Coal Degasification Field, Tuscaloosa County, Alabama, consisting of the hereinafter described "Unit Area" in said field, and requiring the operation of said Unit Area as a single Unit in order to avoid the drilling of unnecessary wells, increase the efficiency of operations and improve the ultimate recovery of occluded natural gas from the Unitized Formation, as hereinafter defined, and avoid waste. The "Unitized Formation" is to be designated as the Pottsville Coal Interval and is defined as the productive coal seams found between the depths of 595 feet and 2,767 feet as encountered in the Ramsay McCormack 35-5 Well, Permit No. 11228-C, located in Section 35, Township 20 South, Range 9 West, Tuscaloosa County, Alabama, as indicated on the density log of said well, and all zones in communication therewith and all productive extensions thereof, including any coal seam stringer that might occur within a depth of either 80 feet above or 80 feet below the Pottsville Coal Interval, and including those coal seams which can be correlated therewith. Petitioner further seeks approval of the Unit Agreement and Unit Operating Agreement, as ratified, in accordance with Section 9-17-84, Code of Alabama (1975), and approval of the amendments to the Special Field Rules for the Deerlick Creek Coal Degasification Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

Petitioner further seeks entry of an order unitizing, pooling and integrating the Unit Area, as underlain by the above defined unitized formation so as to require all owners or claimants of royalty, overriding royalty, mineral, and leasehold interests within the Unit Area to unitize, pool and integrate their interests and develop their lands or interests as a Unit, and designating Castle Exploration Co., Inc. as operator of the Unit Area in accordance with the laws of Alabama. The proposed Unit Area, to be designated Unit II, consisting of 263 acres, more or less, and described as follows: The East Half of the Northeast Quarter; Southwest Quarter of the Northeast Quarter; North Half of the Southeast Quarter of Section 35; and the Northwest Quarter; Northwest Quarter of the Southwest Quarter of Section 36, all in Township 20 South, Range 9 West, Tuscaloosa County, Alabama, in the Deerlick Creek Coal Degasification Field, less and except from the above described property all of those certain lands condemned by the United States of America for the Holt Lock & Dam

1 Project as described in Deed Book 510 at Page 343 of the records of the Probate
2 Judge of Tuscaloosa County, Alabama.

3
4 This petition is a companion to petition bearing Docket No. 8-28-02-10 to add
5 acreage to the Deerlick Creek Coal Degasification Field.
6

7 15. DOCKET NO. 10-16-02-1

8 Petition by EXXON MOBIL CORPORATION, a foreign corporation, authorized to
9 do and doing business in the State of Alabama, requesting the State Oil and Gas
10 Board to enter an order amending Rule 22 of the Special Field Rules for the Little
11 Escambia Creek Field, Escambia County, Alabama, in order to change the well
12 testing requirements.
13

14 16. DOCKET NO. 10-16-02-2

15 Petition by PHILLIPS PETROLEUM COMPANY, a Delaware corporation,
16 authorized to do and doing business in the State of Alabama, requesting the State Oil
17 and Gas Board to enter an order amending Rule 2 of the Special Field Rules for the
18 Blue Creek Coal Degasification Field, located in Tuscaloosa, so as to add Sections 1
19 through 36 in Township 16 South, Range 9 West, in Fayette County, Alabama, to
20 the field limits of said field.
21

22 17. DOCKET NO. 10-16-02-3

23 Petition by DELTA PETROLEUM CORP., a foreign corporation authorized to do
24 and doing business in the State of Alabama, requesting the State Oil and Gas
25 Board to enter an order force pooling, without the imposition of a risk
26 compensation penalty, all tracts and interests from hydrocarbons produced in the
27 proposed Ramsay-McCormack 25-8 Well to be drilled on a 40-acre unit consisting
28 of the Southeast Quarter of the Northeast Quarter of Section 25, Township 20 South,
29 Range 9 West, Tuscaloosa County, Alabama, in the Deerlick Creek Coal
30 Degasification Field.
31

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

36 18. DOCKET NO. 10-16-02-4

37 Petition by DELTA PETROLEUM CORP., a foreign corporation authorized to do
38 and doing business in the State of Alabama, requesting the State Oil and Gas
39 Board to enter an order force pooling, without the imposition of a risk
40 compensation penalty, all tracts and interests from hydrocarbons produced in the
41 proposed Gulf States 25-9 Well to be drilled on a 40-acre unit consisting of the

1 Northeast Quarter of the Southeast Quarter of Section 25, Township 20 South,
2 Range 9 West, Tuscaloosa County, Alabama, in the Deerlick Creek Coal
3 Degasification Field.

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

8
9 19. DOCKET NO. 10-16-02-5

10 Petition by CROSBYS CREEK OIL & GAS LLC, a foreign limited liability
11 company, authorized to do and doing business in the State of Alabama, requesting
12 the State Oil and Gas Board to enter an order force pooling, without the
13 imposition of a risk compensation penalty, all tracts and interests in hydrocarbons
14 produced in the re-entry and completion of the W.M. Curlee Estate Unit 31-13 #1
15 Well, Permit No. 1906, on a proposed 640-acre unit described as follows:

16
17 Northwest Quarter, West Half of Northeast Quarter of Section 6, Township 6 North,
18 Range 4 West; East Half of Northeast Quarter of Section 1, Township 6 North,
19 Range 5 West; Southwest Quarter, and West Half of Southeast Quarter of Section
20 31, Township 7 North, Range 4 West; East Half of the Southeast Quarter of Section
21 36, Township 7 North, Range 5 West, all in Washington County, Alabama, in the
22 Copeland Gas Field.

23
24 This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as
25 amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama
26 Administrative Code.

27
28 Petitioner further requests that Board Order 2002-460, issued on August 30, 2002,
29 which previously forced pooled a portion of the lands in the above-described unit be
30 revoked.

31
32 20. DOCKET NO. 10-16-02-6

33 Petition by EL PASO PRODUCTION COMPANY, a foreign corporation
34 authorized to do and doing business in the State of Alabama, requesting the State
35 Oil and Gas Board of Alabama to enter an order force pooling, without imposition
36 of the risk compensation fee, all tracts and interests in hydrocarbons produced
37 from the El Paso Production Company - Stephenson 33-12-350 Well, Permit No.
38 12600-C, located on a 40-acre unit consisting of the Northwest Quarter of the
39 Southwest Quarter of Section 33, Township 17 South, Range 8 West, Tuscaloosa
40 County, Alabama, in the White Oak Creek Coal Degasification Field. This
41 Petition is filed in accordance with Section 9-17-13, Code of Alabama (1975), as

1 amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama
2 Administrative Code.

3
4 21. DOCKET NO. 10-16-02-7

5 Petition by EL PASO PRODUCTION COMPANY, a foreign corporation
6 authorized to do and doing business in the State of Alabama, requesting the State Oil
7 and Gas Board of Alabama to enter an order force pooling, without imposition of the
8 risk compensation fee, all tracts and interests in hydrocarbons produced from the El
9 Paso Production Company - Jernigan 33-06-268 Well, Permit No. 12559-C, located
10 on a 40-acre unit consisting of the Southeast Quarter of the Northwest Quarter of
11 Section 33, Township 17 South, Range 8 West, Tuscaloosa County, Alabama, in the
12 White Oak Creek Coal Degasification Field. This Petition is filed in accordance with
13 Section 9-17-13, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the
14 State Oil and Gas Board of Alabama Administrative Code.

15
16 22. DOCKET NO. 10-16-02-8

17 Petition by EL PASO PRODUCTION COMPANY, a foreign corporation
18 authorized to do and doing business in the State of Alabama, requesting the State Oil
19 and Gas Board of Alabama to enter an order force pooling, without imposition of the
20 risk compensation fee, all tracts and interests in hydrocarbons produced from a
21 proposed 80-acre unit consisting of the Northeast Quarter of the Northwest Quarter
22 of Section 5, Township 18 South, Range 8 West, and the Southeast Quarter of the
23 Southwest Quarter of Section 32, Township 17 South, Range 8 West, Tuscaloosa
24 County, Alabama, in the White Oak Creek Coal Degasification Field. This Petition
25 is filed in accordance with Section 9-17-13, Code of Alabama (1975), as amended,
26 and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama Administrative
27 Code.

28
29 23. DOCKET NO. 10-16-02-9

30 Petition by EL PASO PRODUCTION COMPANY, a foreign corporation
31 authorized to do and doing business in the State of Alabama, requesting the State Oil
32 and Gas Board of Alabama to enter an order force pooling, without imposition of the
33 risk compensation fee, all tracts and interests in hydrocarbons produced from a
34 proposed 80-acre unit consisting of the Northwest Quarter of the Northeast Quarter
35 of Section 5, Township 18 South, Range 8 West, and the Southwest Quarter of the
36 Southeast Quarter of Section 32, Township 17 South, Range 8 West, Tuscaloosa
37 County, Alabama, in the White Oak Creek Coal Degasification Field. This Petition
38 is filed in accordance with Section 9-17-13, Code of Alabama (1975), as amended,
39 and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama Administrative
40 Code.

1 24. DOCKET NO. 10-16-02-10

2 Petition by EL PASO PRODUCTION COMPANY, a foreign corporation
3 authorized to do and doing business in the State of Alabama, requesting the State Oil
4 and Gas Board of Alabama to enter an order force pooling, without imposition of the
5 risk compensation fee, all tracts and interests in hydrocarbons produced from a
6 proposed 40-acre unit consisting of the Southeast Quarter of the Northeast Quarter
7 of Section 5, Township 18 South, Range 8 West, Tuscaloosa County, Alabama, in
8 the Blue Creek Coal Degasification Field. This Petition is filed in accordance with
9 Section 9-17-13, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the
10 State Oil and Gas Board of Alabama Administrative Code.
11

12 25. DOCKET NO. 10-16-02-11

13 Petition by EL PASO PRODUCTION COMPANY, a foreign corporation
14 authorized to do and doing business in the State of Alabama, requesting the State Oil
15 and Gas Board of Alabama to enter an order amending Rule 3 of the Special Field
16 Rules for the White Oak Creek Coal Degasification Field, Walker, Jefferson and
17 Tuscaloosa Counties, Alabama, so as to redefine the Pottsville Coal Interval as any
18 strata correlative to the Pottsville Coal Interval between the depths of 412 feet and
19 2,994 feet as shown on the Gamma Ray High-Resolution Density log of the El Paso
20 Production Company Cheney 16-09-394 well (Permit No. 12610-C), located 1,898
21 feet from the South line and 230 feet from the East line, Section 16, Township 17
22 South, Range 7 West, Walker County, Alabama, and all zones in communication
23 therewith and all productive extensions thereof.
24

25 26. DOCKET NO. 10-16-02-12

26 Petition by EL PASO PRODUCTION COMPANY, a foreign corporation
27 authorized to do and doing business in the State of Alabama, requesting the State Oil
28 and Gas Board of Alabama to enter an order amending Rule 3 of the Special Field
29 Rules for the Blue Creek Coal Degasification Field, Tuscaloosa County, Alabama,
30 so as to redefine the Pottsville Coal Interval as any strata correlative to the Pottsville
31 Coal Interval between the depths of 660 feet and 3,408 feet as shown on the Gamma
32 Ray High-Resolution Density log of the El Paso Production Company Chevron 20-
33 14-114 well (Permit No. 12542-C), located 709 feet from the South line and 2,108
34 feet from the West line, Section 20, Township 18 South, Range 9 West, Tuscaloosa
35 County, Alabama, and all zones in communication therewith and all productive
36 extensions thereof.
37

38 27. DOCKET NO. 10-16-02-13

39 Petition by EL PASO PRODUCTION COMPANY, a foreign corporation
40 authorized to do and doing business in the State of Alabama, requesting the State
41 Oil and Gas Board of Alabama to enter an order amending Rule 3 of the Special

1 Field Rules for the Short Creek Coal Degasification Field, Jefferson County,
2 Alabama, so as to redefine the Pottsville Coal Interval as any strata correlative to
3 the Pottsville Coal Interval, the top of which is 315 feet as shown on the Gamma
4 Ray High-Resolution Density log with caliper of the El Paso Production
5 Company CLC 29-3-141 Well (Permit No. 12078-C) located 964 feet from the
6 North line and 1,724 feet from the West line, Section 29, Township 17 South,
7 Range 5 West, Jefferson County, Alabama, and the bottom of which is 2,860 feet
8 as shown on the Gamma Ray High-Resolution Density log with caliper of the El
9 Paso Production Company CLC 26-10-116 Well (Permit No. 12479-C), located
10 2,057 feet from the South line and 1775 feet from the East line, Section 26
11 Township 17 South, Range 5 West, Jefferson County, Alabama
12

13 28. DOCKET NO. 10-16-02-14

14 MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend
15 Rule 400-3-8-.03, related to Protection of Underground Sources of Drinking
16 Water during the Hydraulic Fracturing of Coal Beds, so as to correct numbering
17 errors in said rule. Paragraph (6) appears twice in said rule. The second paragraph
18 (6) that appears in said rule should be renumbered to paragraph (7). Paragraph (7)
19 in said rule should be renumbered to paragraph (8).
20

21 29. DOCKET NO. 10-16-02-15

22 MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA for El
23 Paso Production Company to show cause why it should not be found in violation
24 of Rule 400-3-8-.03 of the State Oil and Gas Board of Alabama Administrative
25 Code related to Protection of Underground Sources of Drinking Water during the
26 Hydraulic Fracturing of Coal Beds as a result of conducting hydraulic fracturing
27 operations in the CLC 21-16-75 Well (Permit No. 12317-C) located in Section 21,
28 Township 17 South, Range 5 West, in the Short Creek Field, Jefferson County,
29 Alabama. Rule 400-3-8-.03(5) states in part that "Coal beds shall not be
30 hydraulically fractured until written approval of the Supervisor is obtained."
31 Section 9-17-32 of the Code of Alabama (1975), provides that "Any person who
32 knowingly and willingly violates any provisions of this article, or any rule,
33 regulation or order of the board made under this article shall, in the event a
34 penalty for such violation is not otherwise provided for in this article, be subject
35 to a fine not to exceed \$10,000.00 a day for each and every day of such violation
36 and for each and every act of violation."
37

38 The meetings of the State Oil and Gas Board are public meetings, and members of
39 the public are invited to attend and present their position concerning this
40 petition(s). Requests to continue or oppose a petition should be received by the

1 Board at least two (2) days prior to the hearing. For additional information, you
2 may contact the State Oil and Gas Board, P. O Box 869999, Tuscaloosa, Alabama
3 35486-6999, Telephone Number 205/349-2852, Fax Number 205/349-2861, or by
4 email at petitions@ogb.state.al.us.
5
6

7 MR. ROGERS: The Hearings Reporter, Mrs. Estes, has received and compiled the
8 proofs of publication for the items appearing on the docket for the first time. The proofs of
9 publication for the items on the October 16 & 18, 2002, docket are now admitted into the record.

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

11 MR. ROGERS: I have an Order of the State Oil and Gas Board appointing me as
12 Hearing Officer to conduct this hearing on behalf of the Board. The Order will be made a part of
13 the record at this time.

14 (Whereupon, the Order was received in evidence)

15 MR. ROGERS: I will recommend that the following petitions be continued: Item 4,
16 Docket No. 3-13-02-9, petition by Medallion Exploration; Item 5, Docket No. 4-17-02-3,
17 petition by Energen Resources Corporation; Item 6, Docket No. 4-17-02-4, petition by Energen;
18 Item 7, Docket No. 4-17-02-5, petition by Energen; Item 8, Docket No. 4-17-02-6, petition by
19 Energen; Item 9, Docket No. 4-17-02-7, petition by Energen; Item 10, Docket No. 7-10-02-1,
20 petition by Medallion Exploration; Item 12, Docket No. 8-28-02-10, petition by Castle
21 Exploration Company, Inc.; Item 13, Docket No. 8-28-02-11A, petition by Castle; Item 14,
22 Docket No. 8-28-02-12A, petition by Castle, and Item 23, Docket No. 10-16-02-9, petition by El
23 Paso Production Company. I will recommend that the following petitions be dismissed without
24 prejudice: Item 1, Docket No. 10-31-01-12, petition by Exxon Mobil Corporation. We had on

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1 the recommendations for dismissal two petitions by Black Warrior. Mr. Watson, would you
2 address those? That's Item 2, Docket No. 2-13-02-1 and Item 3, Docket No. 2-13-02-2.

3 MR. WATSON: Mr. Rogers, these are the items that Mark Scogin has appeared on
4 previous occasions before the Board representing an estate. We have that estate leased. There
5 are two other owners who are waiting on the estate to act before they lease. I think those are in
6 the mail, but let's continue Items 2 and 3 to the next meeting of the Board so that we are sure that
7 we have those in our hand.

8 MR. ROGERS: All right. We will make that recommendation to the Board. The other
9 item that we recommend to be dismissed without prejudice is Item 18, Docket No. 10-16-02-4,
10 petition by Delta Petroleum Corporation. The following items are set for hearing by the Board:
11 Item 11, Docket No. 8-28-02-9, petition by Land & Natural Resource Development, Inc.; Item
12 17, Docket No. 10-16-02-3, petition by Delta Petroleum Corporation; Item 28, Docket No. 10-
13 16-02-14, a motion by the Board to amend Rule 400-3-8-.03 relating to Protection of
14 Underground Sources of Drinking Water During the Hydraulic Fracturing of Coalbeds, and Item
15 29, Docket No. 10-16-02-15, a motion by the Board for El Paso Production Company to show
16 cause why it should not be found in violation of a certain rule of the State Oil and Gas Board.
17 That brings us to the items to be heard today. The first item is Item 15, Docket No. 10-16-02-1,
18 petition by Exxon Mobil Corporation.

19 MR. WATSON: Mr. Rogers, this item comes up on publication notice on the petition of
20 Exxon to amend Rule 22 of the Special Field Rules for the Little Escambia Creek Field in
21 Escambia County, Alabama. I have prefiled an affidavit of testimony by John E. Brown, field

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1 superintendent for Exxon Mobil, in support of amending Rule 22 of the Special Field Rules.
2 This basically allows the operator to test wells, as a prudent operator would test wells, as
3 opposed to requiring periodic testing of wells, both gas-oil ratio and bottom hole pressures. I
4 would point out for the record that, as you know, the Jay/Little Escambia Creek Field straddles
5 the Alabama and Florida state lines. The State of Florida in its oil and gas administration does
6 not require the kind of testing that we have had in Rule 22, so by amending this rule Alabama
7 and Florida are in sync insofar as the testing procedures are concerned for Jay/Little Escambia. I
8 ask that you admit the affidavit of Mr. Brown into the record and make your recommendation to
9 the Board on the basis of the testimony in that affidavit.

10 MR. ROGERS: Mr. Watson, do we need to admit this affidavit of qualifications? Is this
11 the first time he's testified?

12 MR. WATSON: Yes. I have filed that with Rickey. You can admit that into the record
13 too.

14 MR. ROGERS: He filed it and that's the procedure. We will just note that he has a B.S.
15 Degree from Troy State University and M.S. Degree from the University of Southern
16 Mississippi. Mr. Watson, do you know what the area of study is? I assume he has a technical
17 degree of some type.

18 MR. WATSON: I think that he has not an engineering degree but a business degree.

19 MR. ROGERS: We see in his affidavit that he is still superintendent for Exxon, so
20 apparently he would be qualified to testify on this subject.

21 MR. WATSON: Yes, sir, he's been there for ten years.

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

2 (Whereupon, the affidavit with attached exhibit
3 was received in evidence)

4 MR. ROGERS: Do we have any questions from anybody else? The staff will review the
5 evidence and make a recommendation to the Board. The next item then would be Item 16,
6 Docket No. 10-16-02-2, petition by Phillips Petroleum Company.

7 MR. WATSON: I have two witnesses, Mr. Rogers, and would like to have them sworn
8 in, please, sir.

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

10 MR. WOOD: Robert Wood, Tuscaloosa, Alabama.

11 MR. HANBY: Ken Hanby, Northport, Alabama.

12 (Witnesses were sworn by Mr. Rogers)

13 MR. WATSON: This is a petition by Phillips Petroleum to amend Rule 2 of the Special
14 Field Rules for the Blue Creek Coal Degasification Field to add a township in Fayette County to
15 the field limits. I'll ask both of you gentlemen if you are familiar with the petition on file here
16 today and if you have prepared exhibits in support of this petition. Mr. Wood?

17 MR. WOOD: I am and I have.

18 MR. WATSON: Mr. Hanby?

19 MR. HANBY: Yes, sir. I am familiar and I have prepared an exhibit.

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1 MR. WATSON: Both of these gentlemen have appeared before the Board and have on
2 file an affidavit of their qualifications. I tender them as experts for giving testimony in this
3 matter, Mr. Rogers.

4 MR. ROGERS: They are so recognized.

5 ROBERT WOOD

6 Appearing as a witness on behalf of Petitioner, Phillips Petroleum Company, testified as
7 follows:

8 DIRECT EXAMINATION

9 Questions by Mr. Watson:

10 Q. Mr. Wood, turn in the booklet of exhibits to Exhibit No. 1. Tell Mr. Rogers and members
11 of the staff what's shown there, please, sir.

12 A. Exhibit No. 1 is an area map showing the Blue Creek Coal Degasification Field which is
13 highlighted in green. It now consists of several townships in north Tuscaloosa County.
14 To the east of this the White Oak Creek Field can be seen, the Oak Grove Field to the
15 southeast, the Brookwood Coalbed Degasification Field, and immediately to the south of
16 Blue Creek is the Deerlick Creek Field. There have been various other small fields where
17 attempts of production have been established to the west. Today we are requesting to
18 amend the Special Field Rules and add Township 16 South, Range 9 West, which would
19 be located in Fayette County. This would be the first coalbed methane development in
20 Fayette County as a northern extension to the Blue Creek Degasification Field. That is
21 the area shown highlighted in yellow.

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1 Q. Let's go to Exhibit No. 2, Mr. Wood. Tell us what the exhibit is and describe the
2 information shown there.

3 A. The area of the proposed extension of the Blue Creek Field is shown highlighted in
4 yellow. It's Township 16 South, Range 9 West, in Fayette County. The proposed
5 amended field limits for the Blue Creek Field would be the dashed blue line that is shown
6 on this exhibit. Exhibit No. 2 is a structure map based on the top of the Mary Lee/Blue
7 Creek seams. It shows basically gently dipping structure to the southwest. There
8 obviously will be other down-to-the-northeast faults encountered in this area. The data is
9 widespread and sparse and none have been mapped or located at this time. Down-to-the-
10 northeast faults have been found in an area north of Tuscaloosa County to exist
11 throughout most all of the coalbed methane development areas. They are not boundary
12 faults or limiting production. There is no structural significance to limiting production in
13 this area's proposed expansion. The datum for contouring the map is shown posted and
14 highlighted in yellow by each well. There are numerous wells in the area of the
15 expansion. Most of those were drilled by Atlas Methane Development. They were
16 drilled and logged with high resolution density logs and then abandoned. No production
17 was attempted. There have been some conventional oil and gas exploration wells that
18 have been drilled in this. There are two American Quasar locations shown in Section 26
19 and in Section 29. To the northeast there were a couple of Lassiter Operating wells that
20 were drilled on the University of Alabama property. These were also logged with high
21 resolution density logs and were abandoned with no attempt for production. There is no

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1 reason that these--that we see that these wells did not produce or should not have
2 produced. They just never were attempted for production. Also on this map there are
3 numerous wells located to the south in the existing White Oak Creek and Blue Creek
4 fields. I did not post all of the data for each of those. The map at this scale would have
5 been much too complex. We used enough of the data to establish the structural trend.

6 Q. All right, sir. Let's go to your third exhibit, Mr. Wood.

7 A. Exhibit No. 3 is an isopach map based on the total coal found in each well or penetration
8 for the three coal groups, the Pratt, the Mary Lee/Blue Creek, and the Black Creek. It's
9 designated on this exhibit as the Pratt through the Black Creek total coal. There is a
10 northeast-southwest trending thin in the northern part of the Blue Creek Field and also in
11 this proposed expansion area. There is a thickening to the northwest based on the Atlas
12 Methane control. The thickness of total coal available for development is consistent with
13 what is being developed now in the northern part of the Blue Creek Field and also the
14 northern part of the White Oak Creek Field.

15 Q. Mr. Wood, does Phillips Petroleum have extensive land holdings in this township?

16 A. Yes, sir, they do. Phillips has been on an extensive leasing program of this township.
17 They are preparing at this time to develop this for next year. They are acquiring, in
18 addition to the leases that they have acquired, the right-of-way and making provisions to
19 continue their development of the Blue Creek Field into this new expansion area.

20 Q. By adding the township to the Blue Creek Field prior to development, would that
21 promote the orderly development of this area in Fayette County?

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1 A. Yes, it will.

2 Q. All right, sir. Let's go to your line of cross section, Exhibit No. 4.

3 A. Exhibit No. 4 is stratigraphic cross section A-A'. It extends on the left to the south and
4 on the right to the north. The Phillips Petroleum Company Chevron 14-7-132 well,
5 Permit No. 11924-C, is a development well in the Blue Creek Field. The top of the three
6 respective coal groups that are depicted in this well have been marked in their
7 stratigraphic equivalent positions for Lassiter Operating Company which has a well
8 located far to the north in the township where we are proposing to extend the field. It's
9 shown on the right. The stratigraphic interval that has coal bearing formations present in
10 the Blue Creek Field extends to the north to the entire area of Township 16 South, Range
11 9 West. That stratigraphic column being present there will have coal bearing strata that
12 will be productive of hydrocarbons.

13 A. All right, sir.

14 MR. WATSON: My next witness, Mr. Hanby, will testify to the contents of Exhibit 5.

15 KEN HANBY

16 Appearing as a witness on behalf of Petitioner, Phillips Petroleum Company, testified as
17 follows:

18 DIRECT EXAMINATION

19 Questions by Mr. Watson:

20 Q. Mr. Hanby, tell us first of all why you have included this Exhibit 5 in the booklet of
21 exhibits and then describe the information you have shown there, please, sir.

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1 A. Okay, yes, sir. It is our opinion that this proposed township to be added is underlain by
2 the coal groups as Mr. Wood testified to and that these coal groups are capable of
3 producing commercial quantities of natural gas. We do not have a tested well in this
4 township; therefore, the purpose of this exhibit is to demonstrate the available data and
5 the fact that, in our opinion, these coal groups are underlain--are saturated with gas that
6 will be capable of producing in commercial quantities. This exhibit has five columns.
7 The three coal groups are listed in the first column. The second column is the depth used
8 for making the calculation of the storage capacity of the coal groups. This data came
9 from the University of Alabama 7-5 No. 1 which is Permit No. 1991-C. This is the well
10 that was the A-A' of the cross section that Mr. Wood testified to as located in Section 7,
11 Township 16 South, Range 8 West, in Walker County. The data shown in columns three
12 and four, the moisture and ash, is determined from the different tests that were conducted
13 on core holes in Walker County and reported in the Geological Survey publication,
14 *Alabama Coal Data Information Series 58*. The superscript indicates the number of
15 samples that were used to come up with the average moisture and ash content. The last
16 column, the storage capacity and standard cubic feet per ton, is determined using the
17 Langmuir isotherm relationship. In my opinion the storage capacity of 103 standard
18 cubic feet per ton in the Pratt, 166 in the Mary Lee/Blue Creek, and 238 standard cubic
19 feet per ton in the Black Creek are very reasonable and are consistent with the storage
20 capacity that has been determined for these same coal groups in other coal degasification
21 fields in the Basin.

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1 Q. Having shown by Mr. Wood's testimony the continuing presence of these coal groups
2 and this data that you have collected and compiled, you have both stated in your opinion
3 that the coal groups are present and that there are commercial quantities of coalbed
4 methane gas that can be recovered from this township once the wells are developed. Is
5 that correct, Mr. Hanby?

6 A. That is correct.

7 MR. WATSON: Mr. Rogers, I would ask that you receive into the record Exhibits 1
8 through 5 to the testimony of Mr. Wood and Mr. Hanby.

9 MR. ROGERS: The exhibits are admitted.

10 (Whereupon, the exhibits were received in evidence)

11 MR. WATSON: Gentlemen, would the approval of the amendment to the field rules
12 adding the township in Fayette County promote orderly development, prevent waste, and protect
13 correlative rights? Mr. Wood?

14 MR. WOOD: Yes, it will.

15 MR. WATSON: Mr. Hanby?

16 MR. HANBY: Yes, sir, it would.

17 MR. WATSON: I tender these witnesses to the staff for any questions you have on their
18 testimony or their exhibits.

19 MR. ROGERS: I think this might be a good time to mention this and pass this along to
20 Mr. Watson. We talked with the Board members about this situation--this isn't the same one
21 here--about creating a fieldwide unit or establishing a partial fieldwide unit in coalbed or natural

1 gas or gas condensate or oil. The Board's view of the law is that you have to have a well, at least
2 one productive well, in order to unitize, unless it's the most unique of circumstances, which we
3 may have in another matter. I just want to state that. This is different because this is just
4 establishing a field or extending a field. That would be the Board's policy on establishing a
5 fieldwide or partial fieldwide unit. One question, is it your opinion that by enlarging this field in
6 the area to be enlarged that you anticipate that it will have coalbed gas in the wells that will be
7 drilled in this area to be added to the field.

8 MR. WOOD: Yes, it is my opinion that it will.

9 MR. HANBY: Yes, sir. It is my opinion that the coal seams penetrated will contain gas,
10 yes, sir.

11 MR. ROGERS: The staff will review the evidence and make a recommendation to the
12 Board. The next item is Item 19, Docket No. 10-16-02-5A, petition by Crosbys Creek Oil and
13 Gas, LLC.

14 MR. WATSON: I have an affidavit of notice, Mr. Rogers, and would ask that it be
15 admitted into the record.

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

17 (Whereupon, the affidavit was received in evidence)

18 MR. WATSON: This is a force pooling request by Crosbys Creek Oil and Gas LLC for
19 re-entry of a 640-acre unit in the Copeland Gas Field in Washington County, Alabama, the W.
20 M. Curlee Estate 31-13 well, the legal description of which is in the petition and in the notice.
21 Just as a matter of summary, we had force pooled this same well for a horizontal drilling

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1 program that has been, for the lack of a better term, scuttled in exchange for a horizontal drilling
2 re-entry into the Curlee. We are now going to go back into the Curlee well and try to recomplete
3 it. We have changed the unit, shifting the unit north by 40-acres to better conform to our
4 geology and to the formation we expect to produce. In the previous hearing we force pooled
5 outstanding interests. There were four parties that were unknown. Foster Kennedy appeared
6 before the Board and gave extensive testimony on his attempt to locate those four parties in
7 Docket No. 5-29-02-8A. I would ask that the transcript of that hearing be incorporated into the
8 record of this hearing in view of the fact that we are still dealing with the four parties, O.L.
9 Brace, Fred Endom, Lora Swank and Henry Toler, who were not located in the previous attempts
10 and still have not been located.

11 MR. ROGERS: That evidence is incorporated into this hearing.

12 (Whereupon, the transcript of Docket No. 5-29-02-8A
13 was incorporated by reference)

14 MR. WATSON: I have prefiled an affidavit of testimony of Mr. Kennedy in support of
15 the force pooling of this interest. It is now reduced from the 59 some odd acres in the previous
16 hearing to 21.6 net mineral acres or 3.38 percent. Mr. Kennedy's original affidavit is between
17 here and Mississippi in the Federal Express. If you will leave the record open that should be
18 here today or no later than tomorrow.

19 MR. ROGERS: We will leave the record open for the original of Mr. Kennedy's
20 affidavit. The affidavit of testimony is admitted.

21 (Whereupon, the affidavit was received in evidence)

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1 MR. WATSON: That's all I have.

2 MR. ROGERS: We will review the evidence and leave the record open for the original
3 affidavit. That brings us to Item 20, Docket No. 10-16-02-6, petition by El Paso Production
4 Company.

5 MR. HARRISON: Gentlemen, I'm Steve Harrison of Tuscaloosa representing El Paso.
6 Items 20 through 24 are force pooling petitions for coalbed methane well drilling units, save and
7 except for Item 23 which was misadvertised. Items 25, 26 and 27 are petitions to amend the
8 definition of the Pottsville Coal Interval for the White Oak Creek Field, the Blue Creek Field and
9 the Short Creek Field, all coal degasification fields. I have previously submitted affidavits of
10 notice, affidavits of testimony, exhibits, correspondence, and other items related to these
11 petitions.

12 MR. ROGERS: Mr. Harrison, if it's all right with you why don't we just go through
13 them individually. That way we can keep track of this a little easier.

14 MR. HARRISON: Sure.

15 MR. ROGERS: Let's go through Item 20 first, Docket No. 10-16-02-6, petition for force
16 pooling without risk compensation. We have the affidavit of notice.

17 MR. HARRISON: Yes, sir.

18 MR. ROGERS: We have the affidavit by Mr. Dickinson. That will be admitted. Both of
19 those affidavits will be admitted.

20 (Whereupon, the affidavits were received in evidence)

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1 MR. ROGERS: This is an item where there is a potential claim by the State of Alabama
2 to the portion of the area to be force pooled?

3 MR. HARRISON: Right.

4 MR. ROGERS: We have a letter from Mr. Griggs with the Department of Conservation
5 and Natural Resources stating that he has no objection to the force pooling.

6 MR. HARRISON: Correct.

7 MR. ROGERS: That will be admitted.

8 (Whereupon, the letter was received in evidence)

9 MR. ROGERS: Anything else on this item?

10 MR. HARRISON: No, sir.

11 MR. ROGERS: We will review the evidence and make a recommendation to the Board.
12 The next item will be Item 21, Docket No. 10-16-02-7.

13 MR. HARRISON: You have an affidavit of notice, an affidavit of testimony, and a letter
14 from Mr. Griggs. I would ask that all of those items be admitted to the record.

15 MR. ROGERS: Why don't you explain what the dispute is or how this came to be, how
16 y'all came to understand that there was a claim by the State in this unit?

17 MR. HARRISON: El Paso has a letter from the Department of Conservation from 1996
18 stating that the State did not claim any portion of White Oak Creek to be considered navigable
19 waterways. They have changed their position and recently notified El Paso that they do claim
20 certain acreage to be navigable at this point-in-time. In this particular unit it is 0.78 acres of the

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1 existing unit. So, at this point we have come to the Board to request that this acreage be force
2 pooled.

3 MR. ROGERS: The affidavit of Mr. Dickinson is admitted. The affidavit of notice is
4 admitted and the letter from Mr. Griggs is admitted.

5 (Whereupon, the affidavits and letter were received in evidence)

6 MR. ROGERS: How much was the acreage on the other one, Mr. Harrison?

7 MR. HARRISON: It was 0.8 acres.

8 MR. ROGERS: We will review the evidence and make a recommendation to the Board.
9 The next item is Item 22, Docket No. 10-16-02-8, petition by El Paso Production Company,
10 another petition for force pooling. Will you explain this one, Mr. Harrison?

11 MR. HARRISON: In this item there is a potential outstanding interest. There is a title
12 dispute that exists. The acreage in this petition is 0.665 acres or less than one percent of the
13 proposed unit that we are requesting that the Board force pool. We have four outstanding
14 owners who have been contacted but at this point have not yet signed a lease or returned any sort
15 of a lease.

16 MR. ROGERS: The one with Katherine Malloy. You have here in care of the Board of
17 Health, Pembroke, Massachusetts. Is that a sufficient mailing address for her?

18 MR. HARRISON: Yes, sir. That has been received by her and she has responded from
19 that address.

20 MR. ROGERS: Do you know what her status is, Mr. Harrison? Is this a hospital or a
21 nursing home or something?

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1 MR. HARRISON: I am not personally familiar with that, no, sir.

2 MR. ROGERS: I just wonder if we shouldn't get a more complete address than that.

3 This says Board of Health, Pembroke, Massachusetts. That probably would be better. The
4 Board has been more conscious of these addresses. Do you think you could supply us with that?

5 MR. HARRISON: Yes, sir.

6 MR. ROGERS: Maybe at the Board of Health in Smith County or something and then
7 the zip code.

8 MR. HARRISON: Okay.

9 MR. ROGERS: Do you think you could get that by Friday and we can just leave the
10 record open?

11 MR. HARRISON: Yes, sir.

12 MR. ROGERS: The rest of them have complete addresses. We'll leave the record open
13 for the address, a more precise address, for Katherine Malloy. I guess the other thing is, Mr.
14 Harrison, to see if that is just a temporary address or if she has another permanent address that
15 we ought to include or both of them.

16 MR. HARRISON: Okay.

17 (Whereupon, the affidavits were received in evidence)

18 MR. ROGERS: All right. After we receive that we will make a recommendation to the
19 Board. Item 23 was misadvertised. The next item then will be Item 24, Docket No. 10-16-02-
20 10, petition by El Paso Production Company.

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1 MR. HARRISON: Mr. Rogers, this is the same situation that we had in Item 22. We
2 have the same four outstanding potential owners owning the same interest in this unit.

3 MR. ROGERS: So, you want to admit the affidavit of notice?

4 MR. HARRISON: Yes, sir, the affidavit of notice and the affidavit of testimony.

5 MR. ROGERS: The affidavit of Mr. Dickinson and the affidavit of notice, both those
6 items are admitted.

7 (Whereupon, the affidavits were received in evidence)

8 MR. ROGERS: So, we'll just make that request on this too, Mr. Harrison, about
9 Katherine Malloy. After we receive that information about Ms. Malloy we will review the
10 evidence and make a recommendation to the Board.

11 MR. HARRISON: All right. Thank you.

12 MR. ROGERS: The next item is Item 25, Docket No. 10-16-02-11, petition by El Paso
13 Production Company.

14 MR. HARRISON: Mr. Rogers, this is a petition to amend the definition of the Pottsville
15 Coal Interval in the White Oak Creek Coal Degasification Field. I have previously submitted an
16 affidavit of notice and an affidavit of testimony of Mr. Stanley Bishop. I would ask that these
17 items be admitted to the record.

18 MR. ROGERS: Let's see, it says that Exhibits 1 and 2 are attached. Is everything in
19 order, Mr. Hinkle?

20 MR. HINKLE: It appears to be.

1 MR. ROGERS: All right. The affidavit of Mr. Bishop is admitted and Exhibits 1 and 2
2 attached to that affidavit are also admitted. The affidavit of notice filed by Mr. Harrison is
3 admitted as well.

4 (Whereupon, the affidavits and exhibits were received in evidence)

5 MR. ROGERS: That brings us to Item 26, Docket No. 10-16-02-12, petition by El Paso
6 Production Company.

7 MR. HARRISON: Mr. Rogers, again, this is a petition by El Paso to amend the
8 definition for the Pottsville Coal Interval in the Blue Creek Field. Again, I have submitted an
9 affidavit of testimony and an affidavit of notice in this matter as well as the exhibits that are
10 attached to the affidavit of testimony and would ask that those be admitted to the record.

11 MR. ROGERS: This is the same thing. Mr. Hinkle, here are Exhibits 1 and 2.

12 MR. HINKLE: Everything seems to be in order.

13 MR. ROGERS: The affidavit of Mr. Bishop and the Exhibits 1 and 2 are admitted and
14 the affidavit of notice of Mr. Harrison is admitted.

15 (Whereupon, the affidavits and exhibits were received in evidence)

16 MR. ROGERS: Any questions? We will review the evidence and make a
17 recommendation to the Board. That brings us to the last item which is Item 27, Docket No. 10-
18 16-02-13, petition by El Paso Production Company.

19 MR. HARRISON: Mr. Rogers, here we are asking that the definition for the Pottsville
20 Coal Interval in the Short Creek Coal Degasification Field be amended. I have submitted the
21 affidavit of Mr. Bishop in this matter along with his exhibits. El Paso is the only operator in this

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1 field; therefore, no notice was given to anyone else. I would ask that the affidavit and exhibits be
2 admitted to the record.

3 MR. ROGERS: Mr. Hinkle, will you review the exhibits and make sure everything is in
4 order?

5 MR. HINKLE: Mr. Harrison, for clarification, your request is that the top of the
6 Pottsville Coal Interval be defined in one well and the bottom be defined in another well. Is that
7 correct?

8 MR. HARRISON: That's correct. We do have Exhibits 1, 2 and 3 in this item.

9 MR. HINKLE: Yes. That's what I understand. Thank you.

10 MR. ROGERS: All right. The affidavit of Mr. Bishop and the Exhibits 1, 2 and 3
11 attached to that affidavit are admitted.

12 (Whereupon, the affidavit and exhibits were received in evidence)

13 MR. ROGERS: Any other questions? We will review the evidence and make a
14 recommendation to the Board. Thank you. Any other business for this hearing? The hearing is
15 adjourned.

16 (Whereupon, the hearing was adjourned at 10:43 a.m.)

REPORTER'S CERTIFICATE

STATE OF ALABAMA

COUNTY OF TUSCALOOSA

I, Rickey Estes, Hearing Reporter in and for the State of Alabama, do hereby certify that on Wednesday, October 16, 2002, in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, I reported the proceedings before a Hearing Officer; that the foregoing 33 typewritten pages contain a true and accurate verbatim transcription of said proceedings to the best of my ability, skill, knowledge, and belief.

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


Rickey Estes
Hearing Reporter