

October 8, 2003

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11-14-03

MR

## EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Board Exhibit	Proofs of Publication Docket No. 9-3-03-15A Docket No. 9-3-03-17A Docket No. 7-30-03-7 Docket No. 9-3-03-20 Docket No. 10-8-03-1 Docket No. 10-8-03-2 Docket No. 10-8-03-3 Docket No. 10-8-03-4 Docket No. 10-8-03-5 Docket No. 10-8-03-6 Docket No. 10-8-03-7 Docket No. 10-8-03-8 Docket No. 10-8-03-9 Docket No. 10-8-03-10 Docket No. 10-8-03-11 Docket No. 10-8-03-13 Docket No. 10-8-03-14 Docket No. 10-8-03-15 Docket No. 10-8-03-16 Docket No. 10-8-03-17 Docket No. 10-8-03-18 Docket No. 10-8-03-21	18	18
Board Exhibit	Hearing Officer Order	18	18
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EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 3 (Item 6)	Type log, Westley West 19-06-167 Well, Deerlick Creek Coal Degas. Field (Greg Burns)	22	22
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Exhibit 4 (Item 10)	Affidavit of testimony (Richard A. Payton)	23	23

## EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 1 (Item 12)	Affidavit of testimony with attachment (Dennis Hammond)	27	27
Exhibit 1 (Item 15)	Typographic map, Sec. 29, T18S, R15W, Pickens County, AL (David Hancock)	35	35
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Exhibit 3 (Item 15)	Well location plat, Booth 29-2 No. 1 Well, Sec. 29, T18S, R15W, Pickens County, AL (David Hancock)	35	35
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## EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 4 (Items 16 & 17)	Cross section A-A', North Rome Field (David Skidmore)	49	49
Exhibit 5 (Items 16 & 17)	Chart of production for the Hart 4-7 No. 2 Well, North Rome Field (David Bissmeyer)	49	49
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Exhibit 1 (Item 27)	Affidavit of notice (Steven F. Harrison)	57	57

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EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 1 (Item 28)	Affidavit of notice (Steven F. Harrison)	61	61
Exhibit 1 (Item 29)	Affidavit of notice (Steve F. Harrison)	62	62

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EXHIBITS  
(Incorporated by Reference)

<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Transcript from Docket No. 4-30-03-14	29	29
Record from Order No. E-2003-58	29	30
Evidence and testimony related to Order Nos. 2001-2 and 2003-5	37	37

October 8, 2003

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

October 8, 2003

Testimony and proceedings before a Hearing Officer 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 8<sup>th</sup> day of October, 2003.

BEFORE:

Mr. Marvin Rogers..... Attorney

BOARD STAFF

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

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

Dr. David E. Bolin.....Assistant Supervisor

Mr. Douglas Hall..... Geologist

Mr. Frank Hinkle..... Geologist



APPEARANCES

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NAME	REPRESENTING
1. John Tyra Tuscaloosa, AL	Roundtree & Associates
2. Eric Hutchens Tuscaloosa, AL	Black Warrior Methane Corp.
3. Catherine Street Tuscaloosa, AL	Black Warrior Methane Corp.
4. Rick Payton Cottondale, AL	Energen Resources
5. Charles Nowlin Tuscaloosa, AL	El Paso Production
6. Ronnie Powell Tuscaloosa, AL	El Paso Production
7. Greg Burns Houston, TX	El Paso Production
8. Steve Harrison Tuscaloosa, AL	El Paso Production
9. Steve Hutchings Mobile, AL	Dominion Black Warrior
10. Greg Pearson Tuscaloosa, AL	Nauvoo, LLC
11. Rebecca Pritchett Birmingham, AL	----
12. Tom Watson Tuscaloosa, AL	----

(The hearing was convened at 10:02 a.m. on Wednesday,  
October 8, 2003, at Tuscaloosa, Alabama)

MR. ROGERS: This 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.

AGENDA  
STATE OIL AND GAS BOARD OF ALABAMA  
OCTOBER 8 & 10, 2003

The State Oil and Gas Board of Alabama will hold its regular monthly meeting at  
10:00 a.m. on Wednesday, October 8 and Friday, October 10, 2003, in the Board  
Room of the State Oil and Gas Board, Walter B. Jones Hall, University of  
Alabama Campus, 420 Hackberry Lane, Tuscaloosa, Alabama, to consider among  
other items, the following petition(s):

1. DOCKET NO. 8-28-02-9

Continued petition by LAND AND NATURAL RESOURCE DEVELOPMENT,  
INC., an Alabama corporation, requesting the Board to further address the  
Temporarily Abandoned Status for 134 wells, 34 wells which are operated by  
Land and Natural Resource Development, Inc. and 100 wells which are operated  
by TECO Methane, Inc., all of which are located in the Moundville Coal  
Degasification Field, Tuscaloosa and Hale Counties, Alabama. The Board has  
addressed the status of these wells in Board Order 2002-137(1), and in said order  
stayed prior Order Nos. 2001-85 and 2001-162 to the extent that such orders  
required plugging and abandonment of all wells by August 31, 2002. Petitioner  
desires to resume operation and asks the Board to extend the temporarily  
abandoned status of these wells, because they have future utility. These wells are  
located in the following sections:

Township 23 North, Range 3 East

Sections: 13, 24

Township 23 North, Range 4 East

Sections: 7, 8, 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

2. DOCKET NO. 4-30-03-10

Continued petition by MOON-HINES-TIGRETT OPERATING CO., INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order amending Rule 1 of the Special Field Rules for Sneads Creek Field to add the West Half of Section 22, all of Section 27, and the East Half of Section 34, all in Township 20 South, Range 13 West, Pickens County, Alabama, to the field limits of said field.

This petition is filed as a companion to a petition bearing Docket No. 4-30-03-11 requesting an order reforming the 40-acre wildcat drilling unit for the Byars Heirs 27-4 #1 Well, Permit No. 8418-A, to a 360-acre unit; a petition bearing Docket No. 4-30-03-12 requesting approval of an exceptional location for the referenced well; and a petition bearing Docket No. 4-30-03-13 requesting the forced pooling of all tracts and interests in said unit, without the imposition of a risk compensation fee.

3. DOCKET NO. 4-30-03-11A

Continued amended petition by MOON-HINES-TIGRETT OPERATING CO., INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order reforming the 40-acre wildcat unit for the Byars Heirs 27-4 #1 Well, Permit No. 8418-A, consisting of the Northwest Quarter of the Northwest Quarter of Section 27, Township 20 South, Range 13 West, Pickens County, Alabama, to a 360-acre unit consisting of the West Half of said Section 27; the East  $\frac{3}{4}$  of the Northeast Quarter of the Northeast Quarter and the East  $\frac{1}{4}$  of the Southeast Quarter of the Northeast Quarter, all in Section 28, Township 20 South, Range 13 West, Pickens

1 County, Alabama, as an exception to Rule 3(a) of the Special Field Rules for the  
2 Sneads Creek Field, which states in part that units shall consist of 320 acres.  
3

4 This petition is filed as a companion to a petition bearing Docket No. 4-30-03-10  
5 requesting an amendment to Rule 1 of the Special Field Rules for Sneads Creek  
6 Field to add to the field limits; a petition bearing Docket No. 4-30-03-12  
7 requesting approval of an exceptional location for the referenced well; and a  
8 petition bearing Docket No. 4-30-03-13 requesting the forced pooling of all tracts  
9 and interests in said unit, without the imposition of a risk compensation fee.  
10

11 4. DOCKET NO. 4-30-03-12A

12 Continued amended petition by MOON-HINES-TIGRETT OPERATING CO.,  
13 INC., a foreign corporation authorized to do and doing business in the State of  
14 Alabama, requesting the State Oil and Gas Board for an exception to Rule 3(b) of  
15 the Special Field Rules for the Sneads Creek Field for the Byars Heirs 27-4 #1  
16 Well, Permit No. 8418-A, located on a proposed reformed 360-acre unit  
17 consisting of the West Half of Section 27 and the East  $\frac{3}{4}$  of the Northeast  $\frac{1}{4}$  of the  
18 Northeast  $\frac{1}{4}$  and the E  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of the Northeast  $\frac{1}{4}$ , all in Section 28,  
19 all in Township 20 South, Range 13 West, Pickens County, Alabama, in the  
20 Sneads Creek Field. Rule 3(b) requires all wells to be located at least six hundred  
21 sixty (660) feet from every exterior boundary of the drilling unit and the Byars  
22 Heirs 27-4 #1 Well is only 531 feet from the North line of said 360-acre unit and,  
23 as such, constitutes an exception to said Rule 3(b).  
24

25 This petition is filed as a companion to a petition bearing Docket No. 4-30-03-10  
26 requesting an amendment to Rule 1 of the Special Field Rules for Sneads Creek  
27 Field to add to the field limits; a petition bearing Docket No. 4-30-03-11  
28 requesting an order reforming the 40-acre wildcat unit for the Byars Heirs 27-4 #1  
29 Well to a 360-acre unit; and a petition bearing Docket No. 4-30-03-13 requesting  
30 the Board to force pool all tracts and interests in said unit, without the imposition  
31 of a risk compensation fee.  
32

33 5. DOCKET NO. 4-30-03-13

34 Continued petition by MOON-HINES-TIGRETT OPERATING CO., INC., a  
35 foreign corporation authorized to do and doing business in the State of Alabama,  
36 requesting the State Oil and Gas Board to enter an order force pooling, without  
37 the imposition of a risk compensation penalty, all tracts and interests in  
38 hydrocarbons produced from the re-entry and completion of the Byars Heirs 27-4  
39 #1 Well, Permit No. 8418-A, located on a proposed reformed 360-acre unit  
40 consisting of the West Half of Section 27 and the East  $\frac{3}{4}$  of the Northeast  $\frac{1}{4}$  of the  
41 Northeast  $\frac{1}{4}$  and the East  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of the Northeast  $\frac{1}{4}$ , all in Section

1 28, Township 20 South, Range 13 West, Pickens County, Alabama, in the Sneads  
2 Creek Field.  
3

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

8 This Petition is filed as a companion to a petition bearing Docket No. 4-30-03-10  
9 requesting an amendment to Rule 1 of the Special Field Rules for Sneads Creek  
10 Field to add to the field limits; a petition bearing Docket No. 4-30-03-11  
11 requesting an order reforming the 40-acre wildcat unit for the Byars Heirs 27-4 #1  
12 Well to a 360-acre unit; and a petition bearing Docket No. 4-30-03-12 requesting  
13 an exceptional location for the referenced well.  
14

15 6. DOCKET NO. 7-30-03-7

16 Continued petition by EL PASO PRODUCTION COMPANY, a foreign  
17 corporation authorized to do and doing business in the State of Alabama,  
18 requesting the State Oil and Gas Board of Alabama to enter an order amending  
19 Rule 2 of the Special Field Rules for the Deerlick Creek Coal Degasification  
20 Field, Tuscaloosa County, Alabama, so as to add all of Sections 23, 24, 25, 26, 35  
21 and 36, all in Township 19 South, Range 10 West, Tuscaloosa County, Alabama.  
22

23 7. DOCKET NO. 7-30-03-11

24 Continued petition by DOMINION BLACK WARRIOR BASIN, INC., an  
25 Alabama corporation, requesting the State Oil and Gas Board to enter an order  
26 force pooling, with a risk compensation penalty, all tracts and interests in  
27 hydrocarbons produced from s in the Pottsville Formation in the Barrentine 02-04-  
28 275 Well, to be drilled on an 80-acre unit consisting of the West Half of the  
29 Northwest Quarter of Section 2, Township 17 South, Range 9 West, Tuscaloosa  
30 County, Alabama, in the Blue Creek Coal 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 8. DOCKET NO. 9-3-03-3

37 Continued petition by PETROLEUM DEVELOPMENT CORPORATION., a  
38 foreign corporation authorized to do and doing business in the State of Alabama,  
39 requesting the State Oil & Gas Board of Alabama to enter an order force pooling,  
40 with risk compensation, all tracts and interests in hydrocarbons produced from a  
41 well to be drilled to the Pottsville Formation on a unit consisting of approximately

1 320 acres located in the East Half of Section 7, Township 20 South, Range 13  
2 West, Pickens County, Alabama. This petition is in accordance with Section  
3 9-17-13, ALABAMA CODE (1975), as amended, and Rules 400-7-1 and 400-7-2 of  
4 the State Oil and Gas Board of Alabama Administrative Code.

5  
6 9. DOCKET NO. 9-3-03-4

7 Continued petition by DOMINION BLACK WARRIOR BASIN, INC., an  
8 Alabama corporation, requesting the State Oil and Gas Board to enter an order  
9 reforming the unit for the Hassinger 04-07-428 Well, Permit No. 12767-C, from a  
10 40-acre unit consisting of the Southwest Quarter of the Northeast Quarter of  
11 Section 4, Township 17 South, Range 8 West, Tuscaloosa County, Alabama in the  
12 White Oak Creek Coal Degasification Field, to an 80-acre unit consisting of the  
13 West Half of the Northeast Quarter of said Section 4.

14  
15 10. DOCKET NO. 9-3-03-15A

16 Continued petition by ENERGEN RESOURCES CORPORATION, an Alabama  
17 corporation, requesting the State Oil and Gas Board, pursuant to Section 9-17-1, et  
18 seq., Code of Alabama, (1975), and Rule 400-3-4-.17(1) of the State Oil and Gas  
19 Board of Alabama Administrative Code, to enter an order extending the temporarily  
20 abandoned status for certain coal degasification wells in the Oak Grove Coal  
21 Degasification Field located in Tuscaloosa and Jefferson Counties, Alabama, in the  
22 following areas:

23  
24 Township 18 South, Range 7 West  
25 Sections 27, 28, 33 and 34

26  
27 Township 18 South, Range 8 West  
28 Section 26

29  
30 Township 19 South, Range 6 West  
31 Section 28

32  
33 Township 19 South, Range 7 West  
34 Sections 10, 14 and 16

35  
36 Township 19 South, Range 8 West  
37 Sections 2, 10, 15 and 16

38  
39 The previously granted temporarily abandoned status expires on October 10,  
40 2003, and Energen Resources Corporation is requesting this Board to grant a one  
41 year extension of the temporarily abandoned status beginning October 10, 2003

1 because all of the wells in the aforementioned Sections have future utility and  
2 should not be plugged.  
3

4 11. DOCKET NO. 9-3-03-16

5 Continued petition by S. LAVON EVANS, JR. OPERATING COMPANY, INC.,  
6 a foreign corporation, authorized to do and doing business in the State of  
7 Alabama, requesting the State Oil and Gas Board to enter an order establishing a  
8 new gas field in Lamar County, Alabama, to be known as the Asbury Church Field,  
9 or such other name as the Board deems proper, and to adopt Special Field Rules  
10 therefor. The proposed field, as underlain by the Chandler, Carter and Sanders Sand  
11 Gas Pools, consisting of all of Section 33, Township 16 South, Range 16 West and  
12 all of Sections 3 and 4, Township 17 South, Range 16 West, Lamar County,  
13 Alabama.  
14

15 The Chandler Sand Gas Pool in said field is defined as that interval productive of  
16 hydrocarbons between 3,989 feet and 4,048 feet as indicated on the Dual Induction -  
17 SFL Log for the Old Harmony 33-11 #1 Well, Permit No. 3977-A, and all zones in  
18 communication therewith and all productive extensions thereof.  
19

20 The Carter Sand Gas Pool is defined as that interval productive of hydrocarbons  
21 between 4,416 feet and 4,580 feet as indicated on the Array Induction Log for the  
22 Weyerhaeuser 33-15 #1 Well, Permit No. 12974, and all zones in communication  
23 therewith and all productive extensions thereof.  
24

25 The Sanders Sand Gas Pool is defined as that interval productive of hydrocarbons  
26 between 4,684 feet and 4,736 feet as indicated on the Array Induction Log for the  
27 Weyerhaeuser 33-15 #1 Well, Permit No. 12974, and all zones in communication  
28 therewith and all productive extensions thereof.  
29

30 Petitioner is requesting well spacing of 320 acres, and is also requesting the  
31 establishment of allowables for said field.  
32

33 12. DOCKET NO. 9-3-03-17A

34 Continued petition by ROBINSON'S BEND OPERATING CO., LLC, a foreign  
35 limited liability company, authorized to do and doing business in the State of  
36 Alabama, requesting the State Oil and Gas Board to enter an order amending Rule 5  
37 of the Special Field Rules for the Robinson's Bend Coal Degasification Field,  
38 Tuscaloosa and Pickens Counties, Alabama, by adding a new provision to the rule  
39 that may allow the production of coal seam gas from the annular space between the  
40 surface casing and production casing of wells in the Robinson's Bend Coal  
41 Degasification Field.

13. DOCKET NO. 9-3-03-19

Continued petition by SPOONER PETROLEUM COMPANY, 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 the Mississippian, Pennsylvanian and Devonian Formations in the Ogden 32-9 No. 1 Well, to be drilled on a 320-acre wildcat unit consisting of the East Half of Section 32, Township 15 South, Range 15 West, Lamar 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.

14. DOCKET NO. 9-3-03-20

Continued petition by NAUVOO, L.L.C., an Alabama limited liability company authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving an exceptional location for the proposed Morse-Stewart 18-9 No. 2 Well, which is proposed to be drilled on the following described unit consisting of the south 930 feet of the North Half of the Northeast Quarter of Fractional Section 18, and the South Half of the Northeast Quarter of Fractional Section 18, and the north 400 feet of the fractional Southeast Quarter of said fractional Section 18 located in Township 8 South, Range 4 East, containing 160 acres, more or less, in the Pleasant View Field, Baldwin County, Alabama. Said well is to be located 2683 feet south of the north section line, and 984 feet west of the east section line of Fractional Section 18. The proposed location is 362 feet from the south unit boundary line which is an exception to Rule 3(b) of the Special Field Rules for the Pleasant View Field, which rule requires each well to be a minimum of 660 feet from unit boundary lines.

This request was previously approved by the Board in Emergency Order No. E-2003-88, issued on August 1, 2003.

15. DOCKET NO. 10-8-03-1

Petition by ROUNDTREE & ASSOCIATES, INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board for approval of an exceptional location for the Booth 29-2 #1 Well to be drilled on a 320-acre unit consisting of the East Half of Section 29, Township 18 South, Range 15 West, Pickens County, Alabama. Petitioner proposes to drill said well at a location 2,310 feet from the east line and 1,200 feet from the north line of said Section 29. At said location, the well will be only 330 feet from the west boundary line of the drilling unit and, as such, is an exception to Rule 400-1-1-.02 of the State Oil and Gas Board of Alabama Administrative Code. Said Rule requires all such wells to be located at least six hundred sixty (660) feet from every



1 exterior boundary of the drilling unit and the Booth 29-2 #1 Well will be only 330  
2 feet from the west line of said 320-acre unit.  
3

4 16. DOCKET NO. 10-8-03-2

5 Petition by VENTEX OPERATING CORP., a foreign corporation authorized to  
6 do and doing business in the State of Alabama, requesting the State Oil and Gas  
7 Board to enter an order force pooling, without the imposition of a risk  
8 compensation penalty, all tracts and interests in hydrocarbons produced from a 190-  
9 acre unit in the Lower Cotton Valley Sand Oil Pool in the North Rome Field,  
10 described as follows:  
11

12 The South Half of the Northwest Quarter of the Northeast Quarter; the South Half of  
13 the Northeast Quarter of the Northeast Quarter; the South Half of the Northeast  
14 Quarter; the East Half of the Southeast Quarter of the Northwest Quarter; the North  
15 Half of the Northwest Quarter of the Southeast Quarter; the North Half of the  
16 Northeast Quarter of the Southeast Quarter of Section 4 and the West Half of the  
17 West Half of the Southwest Quarter of the Northwest Quarter of Section 3, all in  
18 Township 2 North, Range 14 East, Covington County, Alabama.  
19

20 The Board in Order No. 2001-2, forced pooled all tracts and interests in  
21 hydrocarbons produced from the Hart 4-7 No. 2 Well, Permit No. 11824, in the  
22 above-described 190-acre unit. In this request Petitioner seeks an additional order  
23 force pooling, without the imposition of a risk compensation penalty, for all  
24 currently unleased tracts and interests in said 190-acre unit for operations conducted  
25 on multiple wells in the unit.  
26

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

31 This petition is filed as a companion to petition bearing Docket No. 10-8-03-3  
32 requesting approval of an exception to Rule 3 of the Special Field Rules for the  
33 North Rome Field, Covington County, Alabama.  
34

35 17. DOCKET NO. 10-8-03-3

36 Petition by VENTEX OPERATING CORP., a foreign corporation authorized to do  
37 and doing business in the State of Alabama, requesting the State Oil and Gas Board  
38 to enter an order approving an exception to Rule 3 of the Special Field Rules for the  
39 North Rome Field, Covington County, Alabama. In this petition, Petitioner proposes  
40 to produce multiple wells simultaneously from the Lower Cotton Valley Sand Oil  
41 Pool in the North Rome Field in the 190-acre unit described hereinbelow:

1 The South Half of the Northwest Quarter of the Northeast Quarter; the South Half of  
2 the Northeast Quarter of the Northeast Quarter; the South Half of the Northeast  
3 Quarter; the East Half of the Southeast Quarter of the Northwest Quarter; the North  
4 Half of the Northwest Quarter of the Southeast Quarter; the North Half of the  
5 Northeast Quarter of the Southeast Quarter of Section 4 and the West Half of the  
6 West Half of the Southwest Quarter of the Northwest Quarter of Section 3, all in  
7 Township 2 North, Range 14 East, Covington County, Alabama.  
8

9 The Board in Order No. 2001-2, forced pooled all tracts and interests in  
10 hydrocarbons produced from the Hart 4-7 No. 2 Well, Permit No. 11824, in the  
11 above-described 190-acre unit.

12 This petition is a companion to petition bearing Docket No. 10-8-03-2 requesting  
13 the forced pooling, without imposition of a risk compensation penalty, all tracts  
14 and interests in hydrocarbons produced from the 190-acre unit.  
15

16 18. DOCKET NO. 10-8-03-4

17 Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama  
18 corporation, requesting the State Oil and Gas Board of Alabama to enter an order  
19 amending Rule 2 of the Special Field Rules for the Blue Creek Coal  
20 Degasification Field, Tuscaloosa County, Alabama, in order to add the following  
21 described parcels to the field limits of said field:  
22

23 Township 16 South, Range 10 West  
24 Sections 22, 23, 24, 25, 26, 27, 34, 35 and 36  
25

26 Township 17 South, Range 10 West  
27 Sections 3, 4, 5, 6, 7, 8, 9, 10,  
28 15, 16, 17, 18, 19, 20, 21, 22,  
29 27, 28, 29, 30, 31, 32, 33 and 34.  
30

31 19. DOCKET NO. 10-8-03-5

32 Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama  
33 corporation, requesting the State Oil and Gas Board of Alabama to enter an order  
34 force pooling, with a risk compensation penalty, all tracts and interests in  
35 hydrocarbons produced from s in the Pottsville Formation in the Chevron 12-09-373  
36 Well, to be drilled on an 80-acre unit consisting of the East Half of the Southeast  
37 Quarter of Section 12, Township 17 South, Range 10 West, Tuscaloosa County,  
38 Alabama, in the Blue Creek Coal Degasification Field. That Petitioner has an  
39 existing well permit to drill the Chevron 12-09-373 Well, Permit No. 13024-C, on

1 the above-described unit, and Petitioner has requested that this permit be cancelled  
2 and will file a new permit to drill the Chevron 12-09-373 Well.  
3

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

8 20. DOCKET NO. 10-8-03-6

9 Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama  
10 corporation, requesting the State Oil and Gas Board of Alabama to enter an order  
11 force pooling, with a risk compensation penalty, all tracts and interests in  
12 hydrocarbons produced from s in the Pottsville Formation in the Chevron 13-02-375  
13 Well, to be drilled on an 80-acre unit consisting of the North Half of the Northeast  
14 Quarter of Section 13, Township 17 South, Range 10 West, Tuscaloosa County,  
15 Alabama, in the Blue Creek Coal Degasification Field. That Petitioner has an  
16 existing well permit to drill the Chevron 13-02-375 Well, Permit No. 12980-C, on  
17 the above-described unit, and Petitioner has requested that this permit be cancelled  
18 and will file a new permit to drill the Chevron 13-02-375 Well.  
19

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

24 21. DOCKET NO. 10-8-03-7

25 Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama  
26 corporation, requesting the State Oil and Gas Board of Alabama to enter an order  
27 force pooling, without imposition of a risk compensation penalty, all tracts and  
28 interests in hydrocarbons produced from s in the Pottsville Formation in the Earnest  
29 34-07-440 Well, to be drilled on an 80-acre unit consisting of the West Half of the  
30 Northeast Quarter of Section 34, Township 16 South, Range 9 West, Fayette  
31 County, Alabama, in the Blue Creek Coal Degasification Field. That Petitioner has  
32 an existing well permit to drill the Earnest 34-07-440 Well, Permit No. 13099-C, on  
33 a unit consisting of the South Half of the Northeast Quarter of said Section 34, and  
34 Petitioner has requested that this permit be cancelled.

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

39 22. DOCKET NO. 10-8-03-8

40 Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama  
41 corporation, requesting the State Oil and Gas Board of Alabama to enter an order

1 force pooling, with a risk compensation penalty, all tracts and interests in  
2 hydrocarbons produced from s in the Pottsville Formation in the Tuggle 28-07-464  
3 Well, to be drilled on an 80-acre unit consisting of the West Half of the Northeast  
4 Quarter of Section 28, Township 16 South, Range 9 West, Fayette County,  
5 Alabama, in the Blue Creek Coal Degasification Field.  
6

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

10  
11 23. DOCKET NO. 10-8-03-9

12 Petition by PRIMAL ENERGY CORPORATION, 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 approving a 320-acre wildcat drilling unit for  
15 Petitioner's Paramount-Humphreys 1-5 No. 1 Well consisting of the Northwest  
16 Quarter and the West Half of the Northeast Quarter of Section 1 and the East Half  
17 of the Northeast Quarter of Section 2, all in Township 14 South, Range 15 West,  
18 Lamar County, Alabama, as an exception to Rule 400-1-2-.02(2)(c) of the State  
19 Oil and Gas Board of Alabama Administrative Code. Said Rule requires that such  
20 wells be drilled on a drilling unit consisting of a governmental half section.  
21

22 On November 15, 2002 the Board in Order No. 2002-494 approved the above-  
23 reference 320-acre unit and issued a drilling permit for the Paramount-Humphreys  
24 1-5 No. 1 Well, Permit No. 12788. The well was never drilled and the well permit  
25 was cancelled by the Board May 16, 2003.  
26

27 24. DOCKET NO. 10-8-03-10

28 Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama  
29 corporation, requesting the State Oil and Gas Board of Alabama to enter an order  
30 force pooling, with a risk compensation penalty, all tracts and interests in  
31 hydrocarbons produced from s in the Pottsville Formation in the Hassinger 28-09-  
32 465 Well, to be drilled on an 80-acre unit consisting of the East Half of the Southeast  
33 Quarter of Section 28, Township 16 South, Range 9 West, Fayette County,  
34 Alabama, in the Blue Creek Coal Degasification Field. That Petitioner has an  
35 existing well permit to drill the Hassinger 28-09-465 Well, Permit No. 13049-C, on  
36 the above-described unit, and Petitioner has requested that this permit be cancelled  
37 and will file a new permit to drill the Hassinger 28-09-465 Well.  
38

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

1 25. DOCKET NO. 10-8-03-11

2 Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation,  
3 requesting the State Oil and Gas Board to enter an order amending Rule 5E of the  
4 Special Field Rules for the Brookwood Coal Degasification Field, Tuscaloosa and  
5 Jefferson Counties, Alabama. Said rule allows the production of coal seam gas from  
6 the annular space between the surface casing and production casing of wells in the  
7 Brookwood Coal Degasification Field, and Petitioner requests an amendment to  
8 said Rule 5E.  
9

10 26. DOCKET NO. 10-8-03-12

11 Petition by CHEVRON U.S.A. INC., a foreign corporation authorized to do and  
12 doing business in the State of Alabama, requesting the State Oil & Gas Board of  
13 Alabama to enter an order force pooling, with risk compensation, all tracts and  
14 interests in methane produced from a well drilled to the Pottsville Formation on a  
15 unit consisting of approximately 40 acres located in the Southeast Quarter of the  
16 Southwest Quarter of Section 12, Township 18 South, Range 10 West, Tuscaloosa  
17 County, Alabama, in the Blue Creek Coal Degasification Field. Petitioner seeks  
18 to force pool the same unit which was forced pooled by Order No. 2003-52,  
19 entered May 2, 2003. This new force pooling request is made necessary because  
20 Petitioner has moved the location of the proposed well. Petitioner has an existing  
21 well permit to drill the Chevron-Christian 12-14-430 Well, Permit No. 12984-C,  
22 will request that the existing permit be cancelled, and will file a new permit to  
23 drill at the new well location.  
24

25 This petition is in accordance with Section 9-17-13, ALABAMA CODE (1975), as  
26 amended, and Rules 400-7-1 and 400-7-2 of the State Oil and Gas Board of  
27 Alabama Administrative Code.  
28

29 27. DOCKET NO. 10-8-03-13

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

28. DOCKET NO. 10-8-03-14

Petition by EL PASO PRODUCTION COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order force pooling, without imposition of the risk compensation fee, all tracts and interests in hydrocarbons produced from a proposed 80-acre unit consisting of the Northwest Quarter of the Northeast Quarter of Section 5, Township 18 South, Range 8 West, and the Southwest Quarter of the Southeast Quarter of Section 32, Township 17 South, Range 8 West, Tuscaloosa County, Alabama, in the White Oak Creek Coal Degasification Field. This Petition is filed 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.

29. DOCKET NO. 10-8-03-15

Petition by EL PASO PRODUCTION COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order force pooling, without imposition of the risk compensation fee, all tracts and interests in hydrocarbons produced from a proposed 40-acre unit consisting of the Southeast Quarter of the Northeast Quarter of Section 5, Township 18 South, Range 8 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field. This Petition is filed 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.

30. DOCKET NO. 10-8-03-16

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

<u>Well Name</u>	<u>Permit No.</u>	<u>Location</u>
Gulf States #34-15-4	6512-CG	S34,T19S, R8W
Higgins #34-14-5	8353-CG	S34, T19S, R8W
A.H. Bean #34-10-3	6480-CG	S34, T19S, R8W

At the request of Petitioner, the Board entered Order No. 94-95 on June 24, 1994, relinquishing and terminating jurisdiction and authority over certain wells located in the above-described sections, townships and ranges based upon evidence that none of the wells were producing gas at the time nor were they expected to produce in the

1 future. Said Order required Petitioner to plug and abandon these wells when they  
2 were no longer useful for mine safety or utility reasons. Due to the installation of a  
3 Nitrogen Recovery Unit that will take non-pipeline quality gas and recover non-  
4 combustible gas from the full well stream thus rendering otherwise non-marketable  
5 gas marketable, Petitioner is now requesting the Board to re-assume jurisdiction and  
6 authority over the above-described wells. This process will prevent waste by  
7 marketing the gas, thus protecting correlative rights and the environment.

8  
9 The Board previously approved this request by Emergency Order No. E-2003-111,  
10 issued on September 17, 2003.

11  
12 31. DOCKET NO. 10-8-03-17

13 Petition by S. LAVON EVANS, JR. OPERATING COMPANY, INC., a foreign  
14 corporation authorized to do and doing business in the State of Alabama,  
15 requesting the State Oil and Gas Board to enter an order force pooling, with a risk  
16 compensation penalty, all tracts and interests in hydrocarbons produced from  
17 formations of Mississippian and Pennsylvanian Age, from Petitioner's proposed  
18 Weyerhaeuser 18-4 #1 Well, to be drilled on a 320-acre wildcat unit consisting of  
19 the West Half of Section 18, Township 15 South, Range 14 West, Lamar County,  
20 Alabama, in the Southeast Watson Creek Field.

21  
22 This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as  
23 amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama  
24 Administrative Code.

25  
26 32. DOCKET NO. 10-8-03-18

27 Petition by S. LAVON EVANS, JR. OPERATING COMPANY, INC., a foreign  
28 corporation authorized to do and doing business in the State of Alabama,  
29 requesting the State Oil and Gas Board to enter an order force pooling, with a risk  
30 compensation penalty, all tracts and interests in hydrocarbons produced from  
31 formations of Mississippian and Pennsylvanian Age, from Petitioner's proposed  
32 Derrick 11-16 #1 Well, to be drilled on a 320-acre wildcat unit consisting of the  
33 South Half of Section 11, Township 15 South, Range 15 West, Lamar County,  
34 Alabama, in the Southeast Watson Creek Field.

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

38  
39 33. DOCKET NO. 10-8-03-19

40 Petition by S. LAVON EVANS, JR OPERATING CO., INC., a foreign  
41 corporation, authorized to do and doing business in the State of Alabama,

1 requesting the State Oil and Gas Board to enter an order force pooling, with  
2 imposition of a risk compensation fee, all hydrocarbons, except methane,  
3 produced from Mississippian and Pennsylvanian aged formations within a 320-  
4 acre drilling unit for the proposed Bane 36-14 #1 Well, located in the Wiley  
5 Dome Field consisting of the East Half of the West Half and the West Half of the  
6 East Half of Section 36, Township 17 South, Range 9 West, Tuscaloosa County,  
7 Alabama, pursuant to Section 9-17-13, Code of Alabama (1975), and Rule 400-1-  
8 13-.01 of the State Oil and Gas Board of Alabama Administrative Code.  
9

10 34. DOCKET NO. 10-8-03-20`

11 Petition by S. LAVON EVANS, JR OPERATING CO., INC., a foreign  
12 corporation, authorized to do and doing business in the State of Alabama,  
13 requesting the State Oil and Gas Board to enter an order approving an exceptional  
14 location for the Bane 36-14 #1 Well, located on a 320 acre drilling unit consisting  
15 of the East Half of the West Half and the West Half of the East Half of Section  
16 36, Township 17 South, Range 9 West, Tuscaloosa County, Alabama. The  
17 location of said well on said 320 acre unit is 380 feet FWL and 1100 feet FSL of  
18 said 320 acre unit and, as such, is an exception to Rule 400-1-2-02(3)(a) of the  
19 State Oil and Gas Board of Alabama Administrative Code. Said Rule requires all  
20 such wells to be located at least 660 feet from any exterior boundary of the  
21 drilling unit and the location of the above described well is only 380 feet FWL of  
22 said 320 acre unit.  
23

24 35. DOCKET NO. 4-30-03-7

25 Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA  
26 to consider issuing an order for Vintage Petroleum, Inc., Hunt Refining Company,  
27 and Pruet Production Company to clean up and remove the oil on the lands of  
28 Lois Ezell and the adjoining pipeline right-of-way located in Section 29,  
29 Township 11 North, Range 3 West, Choctaw County, Alabama. Vintage  
30 Petroleum, Inc., operates the Ezell 29-5 Well, Permit No. 1844, on the lands of  
31 Lois Ezell, and certain oil pipelines on the pipeline right-of-way adjoining the  
32 lands of Lois Ezell. Hunt Oil Company operates an oil pipeline on the pipeline  
33 right-of-way adjoining the lands of Lois Ezell. Pruet Production Company  
34 operates a natural gas pipeline and a salt-water pipeline on the pipeline right-of-  
35 way adjoining the lands of Lois Ezell. The jurisdiction and authority of the Board  
36 is set forth in Section 9-17-1 et seq. of the Code of Alabama (1975), as amended.  
37

38 36. DOCKET NO. 10-8-03-21

39 MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend  
40 Rule 400-2-6-.09., related to Platforms and Fixed Structures, to add Paragraph (4)



1 to provide for recertification of structural integrity of platforms and fixed  
2 structures. This Rule addresses structural integrity of offshore platforms.  
3

4 The meetings of the State Oil and Gas Board are public meetings, and members of  
5 the public are invited to attend and present their position concerning this  
6 petition(s). Requests to continue or oppose a petition should be received by the  
7 Board at least two (2) days prior to the hearing. For additional information, you  
8 may contact the State Oil and Gas Board, P. O Box 869999, Tuscaloosa, Alabama  
9 35486-6999, Telephone Number 205/349-2852, Fax Number 205/349-2861, or by  
10 email at [petitions@ogb.state.al.us](mailto:petitions@ogb.state.al.us).  
11

12  
13 DR. TEW: The State Oil and Gas Board will hear the recommendations of the Hearing  
14 Officer, contested items, and certain other items beginning at 10:00 a.m. on Friday, October 10,  
15 2003, at the Board's office in Tuscaloosa, Alabama.

16 MR. ROGERS: The Hearings Reporter, Ms. Estes, has received and compiled the proofs  
17 of publication for the items appearing on the docket for the first time. These proofs of  
18 publication for the items on the October 8 and 10, 2003, docket are admitted into the record.

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

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

23 (Whereupon, the Order was received in evidence)

24 MR. ROGERS: I will recommend that the following petitions be continued: Item 2,  
25 Docket No. 4-30-03-10, petition by Moon-Hines-Tigrett Operating Company, Inc.; Item 4,  
26 Docket No. 4-30-03-12A, petition by Moon-Hines-Tigrett; Item 5, Docket No. 4-30-03-13,  
27 petition by Moon-Hines-Tigrett; Item 18, Docket No. 10-8-03-4, petition by Dominion Black  
28 Warrior Basin, Inc.; Item 26, Docket No. 10-8-03-12, petition by Chevron U.S.A., Inc.; Item 33,  
29 Docket No. 10-8-03-19, petition by S. Lavon Evans, Jr. Operating Company, Inc.; Item 34,  
30 Docket No. 10-8-03-20A, petition by Evans, and Item 35, Docket No. 4-30-03-7, a motion by the  
31 State Oil and Gas Board. Item 3, Docket No. 4-30-03-11A, is a petition by Moon-Hines-Tigrett

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1 Operating Company, Inc. I will recommend that this petition be continued with the stipulation  
2 that following the 30-day temporary test allowable period, royalties for test production for the  
3 Byars Heirs 27-4 No. 1 Well, Permit No. 8418A, be held in escrow pending an order of the  
4 Board establishing the final unit for the well. Item 11, Docket No. 9-3-03-16A, is a petition by  
5 S. Lavon Evans, Jr. Operating Company, Inc. I will recommend that this petition be continued  
6 with the stipulation that the temporary test period and allowable for the Old Harmony 33-11 No.  
7 1 Well, Permit No. 3977-A, and the Weyerhaeuser 33-15 No. 1 Well, Permit No. 12974, be  
8 extended to the next regularly scheduled hearing of the Board. I will recommend the following  
9 petition be dismissed without prejudice: Item 8, Docket No. 9-3-03-3, petition by Petroleum  
10 Development Corporation and Item 22, Docket No. 10-8-03-8, petition by Dominion Black  
11 Warrior Basin, Inc. I will read through quickly the items to be heard by the Board at the hearing  
12 on Friday: Item 1, Docket No. 8-28-02-9, petition by Land and Natural Resource Development,  
13 Inc.; Item 7, Docket No. 7-30-03-11, petition by Dominion Black Warrior Basin, Inc.; Item 9,  
14 Docket No. 9-3-03-4, petition by Dominion; Item 13, Docket No. 9-3-03-19, petition by Spooner  
15 Petroleum Company; Item 19, Docket No. 10-8-03-5, petition by Dominion Black Warrior  
16 Basin, Inc.; Item 20, Docket No. 10-8-03-6, petition by Dominion; Item 24, Docket No. 10-8-03-  
17 10, petition by Dominion; Item 30, Docket No. 10-8-03-16, petition by Black Warrior Methane  
18 Corporation; Item 32, Docket No. 10-8-03-1A, petition by S. Lavon Evans, Jr. Operating  
19 Company, Inc.; and Item 36, Docket No. 10-8-03-21, a motion by the State Oil and Gas Board to  
20 amend Rule 400-2-6-.09 relating to Platforms and Fixed Structures in offshore Alabama to add  
21 Paragraph 4 to provide for recertification of structural integrity of platforms and fixed structures.  
22 That Rule, by the way, is available for anybody that would like to review it and make a comment  
23 to the Board. The first item to be heard today is Item 6, Docket No. 7-30-03-7, petition by El  
24 Paso Production Company.

25 MR. HARRISON: Mr. Rogers, Steve Harrison of Tuscaloosa representing El Paso. I  
26 have one witness I would like to have sworn, please.

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

28 MR. BURNS: My name is Gregory K. Burns, Houston, Texas.

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1 (Witness was sworn by Mr. Rogers)

2 MR. HARRISON: Mr. Rogers, I have previously submitted an affidavit of notice in this  
3 matter and would ask that that be admitted to the record.

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

5 (Whereupon, the affidavit was received in evidence)

6 MR. HARRISON: This is a petition to amend Rule 2 of the Special Field Rules for the  
7 Deerlick Creek Coal Degasification Field in Tuscaloosa County so as to add all of Sections 23,  
8 24, 25, 26, 35 and 36 in Township 19 South, Range 10 West of Tuscaloosa County to the field  
9 limits for Deerlick Creek. Mr. Burns, have you previously testified before this Board?

10 MR. BURNS: No I have not.

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

12 MR. BURNS: Yes there is.

13 MR. HARRISON: Could you go through those qualifications please?

14 MR. BURNS: My name is Gregory Burns from Houston, Texas. I earned a Bachelor of  
15 Science Degree in Geology from Bowling Green State University in 1972. In 1975 I earned a  
16 Masters Degree in Geology from that same school. I have 28 years of experience as a petroleum  
17 geologist in the oil and gas industry, 17 of that in domestic US areas and eleven years in non US  
18 foreign countries.

19 MR. HARRISON: I would ask that Mr. Burns be admitted as an expert petroleum  
20 geologist.

21 MR. ROGERS: He is so recognized.

22 GREGORY K. BURNS

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

25 DIRECT EXAMINATION

26 Questions by Mr. Harrison:

27 Q. Mr. Burns, have you reviewed the petition in this matter and in your opinion are the  
28 allegations contained therein correct?

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1 A. Yes I have reviewed it and they are correct.

2 Q. Have you reviewed exhibits that have been prepared in support of this petition?

3 A. Yes I have.

4 Q. Could you go through the exhibits and explain those to the staff, please.

5 A. Exhibit 1 is a base map of the Deerlick Creek Coal Degasification Field on a scale of 1-  
6 inch equals 3,000 feet. Shown on this map outlined in the heavy red line is the current  
7 extent of the Deerlick Creek Coal Degasification Field. Hachured in red off the upper  
8 left corner of the current area is the proposed field extension. Existing wells are shown in  
9 black on this map and existing coreholes are shown as orange triangles. The cross  
10 section B-B' will be discussed as Exhibit 4.

11 Q. Exhibit 2 please.

12 A. Exhibit 2 is the same map at the same scale showing the same items, only this time added  
13 to it are structural contours on the top of the Mary Lee coal group. Contours are in feet  
14 below subsea. What the map shows is a general south dip throughout the region which is  
15 characteristic of this part of the basin. It shows that within the proposed extension we are  
16 expecting that the coal groups will occur at approximately the same subsea elevation as  
17 across the northern portion of the existing Deerlick Creek Field.

18 Q. Exhibit 3.

19 A. Exhibit 3 is our correlated type log for the proposed extension area, the El Paso  
20 Production Company Westley West 19-06-176 located in Section 19, Township 19  
21 South, Range 9 West. That's in the far northwestern corner of the current field outline. It  
22 is a standard gamma ray high resolution density electric log with caliper log. Shown on  
23 the log are the correlated coal groups with the Pratt group at approximately 1,150 feet,  
24 the Mary Lee coal group at approximately 1,725 feet, and the Black Creek group at a  
25 depth of approximately 1,940 feet. The coal seams are readily apparent as the low  
26 density deflections in Tract 3 on the density curve.

27 Q. Your cross section, Exhibit 4.

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1 A. Exhibit 4 is cross section B-B', the location of which is shown on both the structure map  
2 and the location map. Also on the cross section is a small scale map in the lower right  
3 corner. The cross section is hung as a stratigraphic cross section on the top of the Pratt.  
4 The datum is shown as the red line. Above the top of the Pratt group is the top of the  
5 Cobb group in a light lavender color. Below the top of the Pratt group is the top of the  
6 Mary Lee group illustrated as a light blue line. Below that is the top of the Black Creek  
7 group as a green line and then the top of the Black Creek coal seam itself is shown as a  
8 brown line. The coals again are readily apparent on the density curve in Tract 3 as the  
9 low density deflections. The area of the proposed extension is best represented by the  
10 first four logs starting from the left. The proposed field extension will be immediately  
11 south of the first two wells and then is immediately to the west of the third and fourth  
12 wells from the left on the cross section. We expect that the stratigraphy represented by  
13 these wells will be apparent and will be present across the extension area and the coals  
14 should be present and productive.

15 MR. HARRISON: Mr. Rogers, I would ask that Exhibits 1 through 4 to the testimony of  
16 Mr. Burns be admitted to the record.

17 MR. ROGERS: The exhibits are admitted.

18 (Whereupon, the exhibits were received in evidence)

19 Q. Mr. Burns, are you familiar with the term waste as defined by the statutes of the State of  
20 Alabama?

21 A. Yes I am.

22 Q. In your opinion will the granting of this petition prevent waste and protect coequal and  
23 correlative rights of all owners in the area to be added to the field?

24 A. Yes it will.

25 MR. HARRISON: We have nothing further. I tender the witness.

26 MR. ROGERS: Any questions? We will review the evidence and make a  
27 recommendation to the Board. Thank you. The next item then will be Item 10, Docket No. 9-3-  
28 03-15A, petition by Energy Resources Corporation.

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1 MR. WATSON: Mr. Rogers, I have one witness and would like to have him sworn in,  
2 please, sir.

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

4 MR. PAYTON: Richard A. Payton, Hoover, Alabama.

5 (Witness was sworn by Mr. Rogers)

6 MR. WATSON: Mr. Rogers and members of the staff, this petition by Energen  
7 Resources Corporation is asking the Board to extend the temporary abandonment status of  
8 twelve wells that come on for hearing today after publication notice. My witness, Rick Payton,  
9 has appeared before you and has on file an affidavit of his qualifications as the general manager  
10 of methane operations for Energen. Mr. Payton, are you familiar with the petition on file today  
11 requesting that twelve wells be granted continued TA status?

12 MR. PAYTON: Yes I am.

13 MR. WATSON: Have you prepared some exhibits in support of this request?

14 MR. PAYTON: Yes I have.

15 MR. WATSON: I tender Mr. Payton as an expert witness for giving testimony in this,  
16 Mr. Rogers.

17 MR. ROGERS: He is so recognized.

18 MR. WATSON: I have handed up to you an affidavit of testimony in support of this  
19 request and would ask that you make that a part of the record. We are going to give live  
20 testimony and go through at least one of the exhibits in some detail that Mr. Payton has prepared.  
21 If you would, admit the affidavit of testimony into the record.

22 MR. ROGERS: The affidavit is admitted.

23 (Whereupon, the affidavit was received in evidence)

24 RICHARD A. PAYTON

25 Appearing as a witness on behalf of Petitioner, Energen Resources Corporation, testified  
26 as follows:

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## DIRECT EXAMINATION

Questions by Mr. Watson:

Q. Mr. Payton, would you take what has been marked as Exhibit No. 1 which is a map of portions of the Oak Grove Coal Degasification Field and tell Mr. Rogers and members of the staff the status of the twelve wells that we are requesting. Use your legend to point out the status of those wells, please, sir.

A. Yes I would. This map is an update of the map you have seen before. What the entire map depicts is the progress made over the course of the last year on the wells that were previously classed as TA or SI, temporarily abandoned or shut in. I would like to first direct your attention to the area with the dark red circle around it in the vicinity of Sections 33 and 34 of 18 South, 7 West. As described to the Board before, this is an area historically of extremely high water production. Over the course of the last year we have had an intensive effort to make these wells productive. As you can see, there are three wells; No. 774, Permit No. 6103-C, No. 776, Permit No. 6173-C, and No. 778, Permit No. 6071-C. All three of those wells are now on some sustainable gas production. Well No. 774 is capable of producing upwards of 200 Mcf/d. Directly north of that area in the perimeter of the Drummond Company Shoal Creek Mine there are three wells denoted in red which indicate that they are temporarily abandoned. Historically we have seen increased gas production from wells that are being impacted in the future by underground mining operations. Also note that the 753 well is now plugged and abandoned due to interference from the mining operation. If we move south to the area that is in the dark green outline you will notice that there are two wells in that area with a large red circle around them. Anywhere on the map that you see that large red circle, that indicates that there has been a change in status of that well over the past year. The No. 850 well, Permit No. 9571-C, and the No. 831 well, Permit No. 6641-C, are now on pump testing the productivity of that particular area circled in green. One of the more interesting areas on the map is the blue dotted line. At the last presentation almost all of these wells were in a temporarily abandoned status. The wells colored coded with the brown dot indicate

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1 wells that are on water production only. The blue dot indicates that it is on water and gas  
2 production. Of particular note in this area, Well No. 797, Permit No. 6485-C, and Well  
3 No. 798, Permit No. 6496-C, have been placed on water production due to being a direct  
4 offset of a newly drilled well indicated by the orange dot of Well No. 9410, Permit No.  
5 12884-C. The 9410 well is 140 feet away from the 798 well. You have a copy of two  
6 graphs that are labeled Exhibit 3 which shows water production on the 798 well in the  
7 vicinity of 1,000, 1,000, 100 barrels per day. Directly behind that is a graph of the 9410  
8 well which indicates water production of 84 barrels per day and gas production in excess  
9 of 300 Mcf/d. What this indicates is that we still have something to learn about the area  
10 and we feel like there is potential in these wells. To the south inside the same blue  
11 dashed outlined area there are three wells that at this time last year were uncompleted.  
12 Since that time we are doing production tests in those particular wells. The No. 879,  
13 Permit No. 6492-C, that well we are doing a production test in the Pratt interval. Each of  
14 these wells represents a different interval. The reasoning behind that is we are trying to  
15 figure out which interval is contributing the most water to this area. The 879 well is  
16 testing the Pratt interval. The 880 well, Permit No. 6493-C, is testing the Mary Lee  
17 interval, and the 876 well, Permit No. 6941-C, is testing the Black Creek interval. You  
18 will note that it is on gas and water production. Two wells inside that area remain  
19 temporarily abandoned, the 815, Permit No. 6614-C, and the 817, Permit No. 6951-C.  
20 The last area on the map is indicated by a dark blue outline. Within that area there is one  
21 well remaining on temporarily abandoned status. There are three wells that are producing  
22 water only. As with the blue dashed area, we have done some offset drilling to this area  
23 and we are seeing very good production in the new offset wells. This leads us to believe  
24 that some, if not all, of this area has the potential to produce a considerable amount of gas  
25 in the future.

26 Q. Mr. Payton, we had in your packet what I label as Exhibit 2, the status of wells as of  
27 August 2002. There were 21 wells that were either shut in or temporarily abandoned. As  
28 of October 2003 that number has been reduced to fourteen. Out of that fourteen you are



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1 asking that twelve of those be continued in a temporary abandonment status. Is that  
2 correct?

3 A. That's correct.

4 Q. If I understand your testimony when you are saying you are still learning in areas,  
5 normally, as is stated in your affidavit of testimony, you did not like to plug wells that  
6 may have some future utility. Your testimony indicates that with working these wells,  
7 even though they have not been producing gas and some have not been on water  
8 production, that there is that opportunity to continue to work those wells to produce water  
9 and to bring wells on, such as the ones that you have described that will produce gas. Is  
10 that correct?

11 A. That's correct.

12 Q. So it's your recommendation to Mr. Rogers and members of the staff that they  
13 recommend to the Board the approval of the continued TA status of these wells for the  
14 future utility that they may have for gas production and/or dewatering in the area. Is that  
15 correct?

16 A. That's correct.

17 Q. In your opinion would that request, if granted, prevent waste as that term is defined in our  
18 law?

19 A. Yes it would.

20 Q. Certainly you have demonstrated that there is an ongoing program by Energen Resources  
21 to reduce the number of wells that are in a nonproductive status. That has been your  
22 testimony today. It was Mr. Wallace's testimony in 2002. There is a pattern that you  
23 have presented to this Board of getting wells on production or plugging those wells. Is  
24 that correct?

25 A. That's correct.

26 MR. WATSON: Mr. Rogers, if you would, we have filed these maps as additional aids  
27 to Mr. Payton's testimony. You may receive them into evidence in addition to the affidavit of  
28 testimony if you would.

1 MR. ROGERS: The exhibits are admitted.

2 (Whereupon, the exhibits were received in evidence)

3 MR. WATSON: I tender Mr. Payton to members of the staff for any questions you have  
4 on his testimony or his exhibits.

5 MR. ROGERS: The exhibits need to be signed Mr. Watson. The staff has no questions.  
6 We will review the evidence and make a recommendation to the Board.

7 DR. TEW: Mr. Rogers, if we could go off the record for just a moment to make a brief  
8 introduction.

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

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

11 MR. ROGERS: The hearing is again in session. The next item then would be Item 12,  
12 Docket No. 9-3-03-17A, petition by Robinson's Bend Operating Company, LLC.

13 MR. WATSON: Mr. Rogers, this is a petition by Robinson's Bend Operating Company  
14 LLC requesting that the Board amend Rule 5 of the Special Field Rules for the Robinson's Bend  
15 Coal Degasification Field. That rule pertains to the production of annular gas. The rule  
16 language has been worked out with agreement of the staff. I have handed up to you for inclusion  
17 into the record the affidavit of testimony of Dennis Hammond, a petroleum engineer with  
18 Robinson's Bend, who is duly qualified before this Board as an expert witness in petroleum  
19 engineering. I would ask that you make his affidavit of testimony a part of the record of this  
20 hearing.

21 MR. ROGERS: The affidavit is admitted.

22 (Whereupon, the affidavit was received in evidence)

23 MR. WATSON: And that you make your recommendation to the Board based on the  
24 testimony contained in that affidavit.

25 MR. ROGERS: We will review the evidence and make a recommendation to the Board.  
26 Item 14, Docket No. 9-3-03-20, petition by Nauvoo, LLC.

27 MR. PEARSON: Mr. Rogers, Greg Pearson for Nauvoo. I have one witness, Mr.  
28 Conrad Gazzier, to be sworn.

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

2 MR. GAZZIER: My name is Conrad A. Gazzier. I live at 4715A County Road Six, Gulf  
3 Shores, Alabama.

4 (Witness was sworn by Mr. Rogers)

5 MR. PEARSON: Mr. Rogers, as you and I have discussed with the staff over the past  
6 few weeks, this is a matter that has been ongoing since the spring. I think a brief recap of the  
7 history of what's gone on would be good for the record. This involves an Amos gas sand test,  
8 Miocene Age, in the Pleasant View Field in Baldwin County, Alabama, that was drilled by  
9 Nauvoo, LLC. The section, township, and range are in the petition. We came before the Board  
10 first on Docket Nos. 4-30-03-14 and 15 wherein we asked for an exceptional location and for a  
11 force pooling petition for the drilling of the Morse Stewart 18-9 No. 1 well in the requested unit.  
12 That got continued over to the June hearing at which time it was heard and both the petitions  
13 were granted, the force pooling and the exceptional location. The order involving the  
14 exceptional location was approved by the Board or entered by the Board in its Order No. 2003-  
15 57 on June 13, 2003. After that order was entered the permit was issued and the drilling began.  
16 On or about the end of June they had some trouble, lost a bit in the hole and ended up fishing for  
17 a long time. They ended up junking and abandoning that hole. We came back before you on an  
18 emergency petition, 7-30-03-1A, asking for emergency relief on the exceptional location. Since  
19 all of the location was built, surface damages, etc. were paid, we wanted to skid the rig ten feet  
20 further south from the first location which the Board granted and approved in Emergency Order  
21 E-2003-58 on August 1, 2003. So, the drilling of the Morse Stewart 18-9 No. 2 was commenced  
22 on the new location ten feet further south. Emergency orders are only in place for 45 days and  
23 during the 45-day period there were some drilling difficulties. We petitioned the Board on a  
24 regular docket number to be heard on the September docket. That was the petition in Docket No.  
25 9-3-03-20. The required notice of publication in the Onlooker newspaper, for whatever reason,  
26 did not get published timely as required by the regulations of the Oil and Gas Board, so we  
27 requested a continuance of that item that we are here for today. In the meantime, the 45 days on  
28 the first emergency order expired so we came before you for a second emergency order which

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1 was granted. That emergency petition was 9-4-03-1B. That emergency order was entered by the  
2 Board, Order No. E-2003-10, on September 12, 2003. Subsequent to that, as of yesterday, we  
3 filed an amended petition, 9-3-03-20A, to incorporate in the petition the granting of the second  
4 emergency order. That was filed with you yesterday. Nothing changed about the request but we  
5 had to file it because the September 12<sup>th</sup> order was now in place. We are here on stuff that the  
6 Board has already heard. I think there are a couple of housekeeping items that we need to do.  
7 First of all, the certified notice of publication from the Onlooker, the original, has not been  
8 submitted to you yet. There is a faxed copy of the certification which has been submitted. I  
9 would ask that you keep the record open until we can get you the original. That's one item. The  
10 second item has to do with adopting previous testimony that would be contained in the hearing  
11 transcript for Docket No. 4-30-03-14 which was adopted in Order No. 2003-57. The reason that  
12 I would like for you to adopt that testimony is because it contains the geologic testimony of Mr.  
13 Gazzier as an expert witness wherein the Board adopted and approved certain seismic that was  
14 already on file with the Board. It was identified at that hearing and adopted. I think that it would  
15 be good to adopt that transcript.

16 MR. ROGERS: That will be incorporated into this record.

17 (Whereupon, the transcript related to Docket No.

18 4-30-03-14 was incorporated by reference)

19 MR. PEARSON: The second item has to do with the first emergency petition which was  
20 7-30-03-1A. In that first emergency petition where we first asked the Board to let us skid the rig  
21 ten feet further south, Mr. Gazzier appeared before you and testified. In that testimony he stated  
22 the reasons that the best location would be ten feet further south. Since that is already sworn  
23 testimony in effect, we're not changing that. That's already been issued and granted. We would  
24 ask that you adopt the transcript from that hearing and the facts that were incorporated into that  
25 order which was E-2003-58 issued on August 1, 2003.

26 MR. ROGERS: All right. That record is incorporated into this record. That's a good  
27 recount of where we stand now, Mr. Pearson.

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1 (Whereupon, the record related to Order No. E-2003-58  
2 was incorporated by reference)

3 MR. PEARSON: Marvin, I promise you that you could have done it just as well as I. I  
4 appreciate all the help from you and the staff on this matter.

5 CONRAD A. GAZZIER

6 Appearing as a witness on behalf of Petitioner, Nauvoo LLC, testified as follows:

7 DIRECT EXAMINATION

8 Questions by Mr. Pearson:

9 Q. As I understand it now, I just need to ask Mr. Gazzier, who is my witness, if he is  
10 familiar with the definition of the term "waste" as defined in regulations in the statutes of  
11 the State of Alabama and the Oil and Gas Board?

12 A. I am.

13 Q. In your opinion will the granting of this petition prevent waste and avoid the drilling of  
14 unnecessary wells and protect the coequal and correlative rights of all the owners in the  
15 unit?

16 A. It will.

17 MR. PEARSON: Mr. Rogers, it was my understanding that the Board and the staff  
18 would like a status report on the wells and what's going on there. Its fine with us, however y'all  
19 want to do it, make it part of this or go off the record.

20 MR. ROGERS: If you will just put it on the record. If Mr. Gazzier could testify about  
21 the status of the operations now.

22 Q. Mr. Gazzier, outline for the staff the status of the two existing wells that are now in this  
23 particular unit, the Morse Stewart 18-9 No. 1 well and the Morse Stewart 18-9 No. 2  
24 well, which are down there as well as any other wells that are in this unit. If you could,  
25 outline the status of that, please.

26 A. I will. The 18-9 No. 1 was plugged and abandoned according to Oil and Gas Board  
27 regulations and all the forms have been filed with the Board. The rig was skidded  
28 subsequent to the August 1<sup>st</sup> order. It was ten feet south of the original location. The 18-

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1 9 No. 2 was drilled. We drilled a pilot hole down to 1,000 feet and came back up and got  
2 a larger bit on and went down to ream the hole to set casing. Sometime during the night  
3 one of the crewmen lost a hammerhead down the hole and didn't tell anybody. Down to  
4 around 800 feet the hammer finally found the reamer and twisted the drill rod into. We  
5 had 700 feet of drill rod in the hole. We managed to fish it out. We met with the Oil and  
6 Gas Board inspectors and made a decision that an 800 foot string of casing would  
7 accomplish the same requirements, which is putting all the potable water behind cement  
8 pipe. We set 824 feet of casing in that hole and cemented it. At that point we felt like our  
9 troubles were behind us. In other words, the hammer was somewhere behind cement.  
10 We drilled to--tested casing under the watchful eye of the Oil and Gas Board inspectors.  
11 The casing passed. We then drilled out from under surface down to 1,520 feet where the  
12 driller twisted off again. This time he left about 15 feet, 10 feet, of drill rod and a bit in  
13 the hole. His services are no longer retained. He moved his rig off the location. We then  
14 cast about looking for a substitute driller to finish the hole. We decided to move  
15 Challenger which is a completion rig service in Columbia on location. They moved on  
16 location September 16<sup>th</sup>. We rigged a blowout preventor up and went back in the hole  
17 with a power swivel. We drilled to TD and never saw the fish that the other driller left in  
18 the hole. The well was logged on the 21<sup>st</sup> and we ran pipe and cemented and gravel-  
19 packed the well. On the 25<sup>th</sup> Challenger moved off location and we swabbed the well in.  
20 The well presently has tested gas and saltwater. We are currently evaluating the status of  
21 that well as far as its commercial ability.

22 MR. PEARSON: I would tender the witness to the staff for any questions that they might  
23 have if you have any other items that you would like an update status on.

24 CONRAD GAZZIER

25 EXAMINATION BY BOARD/STAFF

26 Questions by Dr. Bolin:

27 Q. Mr. Gazzier, on the test, was that an official test?

28 A. No. We have had some unofficial tests so far.

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1 Q. Nothing that would qualify as an official test for the Board?

2 A. No and none witnessed by the state. Right now it's kind of puzzling to us actually.

3 Q. In regard to the original well that was overlapped onto this well's unit, what is the status  
4 of that well at this time?

5 A. It's noncommercial. It's in periodic production to aid the pipeline to maintain  
6 compressor gas right now.

7 MR. PEARSON: Mr. Bolin, aren't you referring to the Flowers-Stewart 18-8 Well,  
8 Permit No. 12325?

9 DR. BOLIN: That's correct.

10 DIRECT EXAMINATION

11 Questions by Mr. Pearson:

12 Q. I think, Mr. Gazzier, what they are interested in is when we sought the exceptional  
13 location and force pooling the stipulations for getting them were that there would not be  
14 two wells producing from the same sand in the same reservoir in the same unit even  
15 though the units overlap and that that well would be plugged and abandoned. If you  
16 could speak directly to the plugging and abandoning of the 18-8 well and what the status  
17 is and the evaluation of the two wells. I think that is what they are looking for.

18 A. We had a problem with the completion rig. It had another job that it had to go to, so we  
19 were unable to plug it. The 18-9 No. 2 is not capable of commercial production. It is not  
20 hooked to the pipeline. There are no production facilities, so there is no possibility of  
21 producing from the same reservoir at the same time.

22 EXAMINATION BY BOARD/STAFF

23 Questions by Dr. Bolin:

24 Q. Do you have a schedule for plugging that well?

25 A. Yes, as soon as he can get back down there. He is not only going to plug it but two  
26 additional wells that are down in the area that Nauvoo operates.

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1 Questions by Mr. Rogers:

2 Q. That would put you in compliance with the order?

3 A. That's correct.

4 MR. ROGERS: One other thing, Greg. You mentioned about the notice. What we will  
5 do is we'll put in the record the copy that you have and leave the record open for the proof of  
6 publication.

7 MR. PEARSON: We appreciate that and we will get that to you as soon as it comes in.  
8 Thank you guys for all your help on this.

9 MR. ROGERS: The next item then is Item 15, Docket No. 10-8-03-1, petition by  
10 Roundtree and Associates, Inc.

11 MR. TYRA: Mr. Rogers, I have one witness that needs to be sworn in, please.

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

13 MR. HANCOCK: David Hancock, 4240 Old Orchid Place, Jackson, Mississippi.

14 (Witness was sworn by Mr. Rogers)

15 MR. TYRA: Mr. Rogers, I'm John Tyra here on behalf of Roundtree and Associates,  
16 Inc. We are proposing to drill the Booth 29-2 No. 1 Well on a 320-acre unit consisting of the  
17 East Half of Section 29, Township 18 South, Range 15 West, Pickens County, Alabama. This is  
18 a wildcat well. Our proposed location is going to be 2,310 feet from the East line of the unit and  
19 1,200 feet from the North line of the unit. This places the well 330 feet from the west boundary  
20 of the proposed drilling unit which is an exception. That will be the matter that we are  
21 presenting here today. My one witness is Mr. David Hancock. Mr. Hancock, have you  
22 previously testified before this Board and has your qualifications as a petroleum geologist been  
23 accepted by this Board?

24 MR. HANCOCK: Yes and they have.

25 MR. TYRA: I would tender Mr. Hancock as an expert witness.

26 MR. ROGERS: He is so recognized.



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DAVID HANCOCKQuestions by Mr. Tyra:

Q. Mr. Hancock, are you familiar with the petition that we have filed in this matter asking for an exceptional location?

A. I am.

Q. Have you prepared exhibits or have exhibits been prepared under your supervision in support of this petition?

A. Yes.

Q. Let's turn to those exhibits and identify them, what the three exhibits are and then I'll ask you some questions about our exceptional location.

A. Exhibit 1 is a topographic map of the area in which we are proposing to drill. Exhibit 2 is a seismic structure map of the prospect. Exhibit 3 is the location plat.

Q. Okay. This location plat has the unit in red as well as the alternate unit in green. Is that correct?

A. Correct.

Q. It shows the well being 330 feet from that west line.

A. That's right.

Q. If you would, look at primarily Exhibits 1 and 2 and explain to Mr. Rogers and the staff why this exceptional location is necessary.

A. If you look at these two exhibits you have to kind of overlay them on each other to really get the full effect of what we're saying here. We are very limited, both topographically and structurally, as to where we can put this location. The only two directions that we can move to make this a more legal location would be some component of east and some component of south. As you can see on the structure map, we are limited to the south. If we go southeast along this fault we get into some high bluffs that are shaded in brown to the south, actually to the south and to the north, and our field people tell us it would be almost impossible to put a location in those bluffs. If you move back to the east you can see there is a seismically controlled fault that exists just east of the Elf Aquitaine Booth

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1 well that is the dry hole symbol that you see in Section 29 which is the well we're--  
2 basically it's a re-drill of that well. We are going to offset that well. As we move back to  
3 the east we start to push the limit of that fault further than we are comfortable with  
4 pushing it if we move back to the east.

5 Q. This request then is based upon the topography of the area as well as the geology of the  
6 area in that structure?

7 A. That's correct. As you can see again on the topo map we are down in a low. There are  
8 several creeks that we have to contend with. Even within the low area down there we're  
9 kind of confined with where we can actually put a location and stay out of the creek and  
10 out of the swamp that's down in that low.

11 Q. Mr. Hancock, are you familiar with the term "waste" as it is defined by the statutes of the  
12 State of Alabama?

13 A. I am.

14 Q. In your opinion would the granting of this petition allowing this exceptional location  
15 prevent waste and protect coequal and correlative rights?

16 A. It would.

17 Q. Would it prevent the drilling of unnecessary wells?

18 A. Yes.

19 MR. TYRA: I would ask that the exhibits be admitted to the record.

20 MR. ROGERS: The exhibits are admitted.

21 (Whereupon, the exhibits were received in evidence)

22 MR. TYRA: I would tender the witness at this time to the staff for any questions that you  
23 may have.

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DAVID HANCOCK

EXAMINATION BY BOARD/STAFF

Questions by Dr. Tew:

Q. Mr. Hancock, could you on your structure map show us or tell us approximately where your seismic control is?

A. It is relatively loosely controlled. We do have a northwest-southeast line that kind of runs through Section 32. Again, I'm talking off the top of my head. There is one other line that runs north-south up through Sections 31 and 30, runs up in that direction. We do not see the fault in the well. It is seismically controlled. That's the best of my recollection as to where the seismic runs.

MR. ROGERS: Anything else? The staff will review the evidence and make a recommendation to the Board. The next item then will be Item 16, Docket No. 10-8-03-2, petition by Ventex Operating Corporation. Mr. Tyra just pointed out and we'll note that Item 31, Docket No. 10-8-03-17, petition by S. Lavon Evans, Jr. Operating Company, Inc. will be heard at the hearing on Friday because that's the petition for force pooling with risk compensation. Related to Item 16 is Item 17, Docket No. 10-8-03-3A. Mr. Watson.

MR. WATSON: Let's consolidate for hearing purposes Items 16 and 17, Mr. Rogers. I have two witnesses.

MR. ROGERS: Your request is granted. Will you state your name and address for the record.

MR. SKIDMORE: David Skidmore. I reside at 280 Lilac Lane, Southlake, Texas.

MR. BISSMEYER: David Bissmeyer, Dallas, Texas.

(Witnesses were sworn by Mr. Rogers)

MR. WATSON: An affidavit of notice has been prefiled and I would ask that you make that affidavit a part of the record, Mr. Rogers.

MR. ROGERS: The affidavit is admitted.

(Whereupon, the affidavit was received in evidence)

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1 MR. WATSON: As you will hear from my first witness in a minute, we've had a lot of  
2 testimony before the Board on the North Rome Field and on the area in particular that we are  
3 going to discuss with you today. For purposes of including background into the record, I would  
4 ask that you incorporate by reference your Order 2001-2 and your Order 2002-505 and the  
5 evidence and testimony that supported those orders into the record of this hearing.

6 MR. ROGERS: The records from those petitions are incorporated into this record.

7 (Whereupon, Order Nos. 2001-2 and 2002-505  
8 and all related evidence and testimony were  
9 incorporated by reference)

10 MR. WATSON: The two petitions that I have brought before you now to be heard deal  
11 with first a force pooling, without the imposition of the risk compensation fee, and secondly, the  
12 request for an exception to Rule 3 of the Special Field Rules for the North Rome Field. I would  
13 like for presentation purposes, Mr. Rogers, with your permission, to address the exception to the  
14 rule testimony first and exhibits and then address the force pooling without the risk  
15 compensation.

16 MR. ROGERS: That will be fine.

17 MR. WATSON: My first witness is Mr. David Skidmore. Mr. Skidmore has appeared  
18 before you on several occasions and has on file an affidavit of his qualifications as a petroleum  
19 geologist. Mr. Skidmore, are you familiar with the petitions on file here today that have been  
20 called for hearing?

21 MR. SKIDMORE: Yes I am.

22 MR. WATSON: Have you prepared exhibits in support of those petitions?

23 MR. SKIDMORE: I have.

24 MR. WATSON: I tender Mr. Skidmore as an expert witness, Mr. Rogers.

25 MR. ROGERS: He is so recognized.

26 DAVID SKIDMORE

27 Appearing as a witness on behalf of Petitioner, Ventex Operating Corporation, testified as  
28 follows:

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## DIRECT EXAMINATION

Questions by Mr. Watson:

- Q. Mr. Skidmore, since you have been associated with this field and project, since your company acquired it from Torch Operating Company, give the staff a brief summary of our progress to date and point out as you go through that the productive intervals that we have been dealing with in this North Rome Field in Covington County, Alabama.
- A. Okay. The field was discovered in the early 1990's by Torch. There were productive structures both in Section 5 and Section 4. In the mid-to-late 1990's Torch came before the Board after conducting a 3-D seismic survey across the entirety of the field--which we have the data when we acquired Torch's interest--defined some limits and felt like that in Section 4 that it would be necessary to recover the maximum amount of oil out of the Lower Haynesville sands, a waterflood to be implemented. We came before the Board and expanded the original 160-acre production unit on each of two wells in Section 4 to lay the groundwork, if you will, for subsequent unitization. When our company acquired the operating rights and working interests from Torch in approximately 1999 we followed up with that groundwork, if you will, and came before the Board with waterflood unitization hearings, unitized the two production units, drilled a saltwater injection well, began injecting water into the ground and had a favorable response out of two Lower Haynesville producing wells. We subsequently came in and drilled an additional well, the No. 2 Hart 4-7 in Section 4, made a completion in the Cotton Valley--the Upper Cotton Valley sands, took a number of sidewall cores and then, through additional drilling that we did in the area a couple of years ago, discovered some additional information that led us to believe that a number of the additional sands were indeed productive. We have done a recompletion over in Section 5 in the Cotton Valley sand and have come back before the Board now relative to reclassification of the entire Cotton Valley sand interval for all of the separate producing stringers in that reservoir and are now before you with this exception. It's been a long-term process. It's been a learning process as we came along. We have continued to bring geological and reservoir

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1 data to the table, if you will, that we have learned as well as what we have presented to  
2 the state here. An ongoing project is what we've been involved in directly for four years  
3 now.

4 Q. Both a unitized project with a waterflood and competitive production through drilling and  
5 production units and now today the subject of the hearing is the 190-acre unit that was  
6 centered around the No. 2 Hart 4-7. Is that correct?

7 A. That's correct.

8 Q. With that background and with the inclusion of those orders and the testimony and the  
9 evidence in support of those orders which led us through the creation of the field, the  
10 unitization, and the definition of the Cotton Valley, that brings us to our request today,  
11 asking for an exception to Rule 3 of the Special Field Rules of the North Rome Field. If  
12 you would, please, Mr. Skidmore, look at our first exhibit. I'll ask that you describe the  
13 information contained on that exhibit to the staff.

14 A. Exhibit 1 is simply a plat of the North Rome Field that shows the production unit outlines  
15 of all the producing wells in the field. There is a legend on the lower left-hand side that  
16 is color coded back to each production unit and the well that it is applicable to. Of import  
17 today for our discussion, located in Section 4 with a little bit over in Section 3, is a brown  
18 outline. That's a 190-acre production unit. It's labeled as the Lower Cotton Valley Sand  
19 Oil Pool. The scale of the map is 1-inch to 2,000 feet.

20 Q. All right. Your next exhibit is a base map. Describe what that base map is and how the  
21 information was used from that, please.

22 A. Again, it's a 1-inch to 2,000 foot scale over the North Rome Field showing the general  
23 outline of a 3-D seismic survey that was conducted over the field. It contains  
24 approximately eight square miles of 3-D data. The open white circles to the southwest  
25 corner and the northeast edge of the map, you see a number of lines, are simply  
26 representative of every 10<sup>th</sup> cross line out of the geophysical survey. Shown in red are  
27 five separate extracted lines out of that data set, if you will. They are arbitrary lines  
28 labeled A through E. That map has been previously presented to the Board and we have

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1 previously looked at it and discussed the seismic lines, arbitrary lines, that are indicated  
2 there. I do have copies with us again today if necessary. The geophysical data is very  
3 important in the following exhibits to come in that it is supportive of the structural  
4 interpretations that will be discussed.

5 Q. All right. Let's move then to your Exhibit 3 which is your structure map. As I  
6 understand what you have said, we have well control data and you have also incorporated  
7 the seismic data from this base map to prepare the structure map which is Exhibit 3. Is  
8 that correct?

9 A. That is correct. It's a structure map on a scale of 1-inch equals 1,000 feet. The structural  
10 contours are shown on top of the Cotton Valley 11,150 foot sand. That particular sand is,  
11 in essence, the top of the Cotton Valley section. In the seismic data there is a correlative  
12 seismic event that is mapable within the 3-D data volume. The time-to-depth relationship  
13 has been converted based on the subsurface-to-seismic control in that conversion and also  
14 the velocity data that we have in the field. The contours are shown on a 20-foot  
15 subsurface contour interval. Also included on that map is an A-A' cross section. There  
16 have been a number of cross sections submitted. The one that is annotated here is the one  
17 applicable to our next exhibit and the subject of this hearing.

18 Q. Now Mr. Skidmore, before we leave Exhibit 3, is it your opinion that we have defined  
19 within this 190-acre unit all of the potentially productive Cotton Valley that is in  
20 communication with the wellbores that are depicted on this exhibit?

21 A. Yes we have. Just to the south--the 190-acre production unit is shown in blue on that  
22 map and there is a well just to the south, the Lassiter 4-10 well, which was drilled by our  
23 company. It is approximately 50 feet low to the top of the structure and is completely  
24 wet in all the Cotton Valley sands. Using that downdip wet well and an oil-water contact  
25 that we had established in the producing wells, the two Hart wells and the Federal 4-8  
26 and our seismic control, we have outlined an area in there that we have labeled as an  
27 original oil-water contact of -10,912 feet. The productive limits all fall within the 190-  
28 acre unit.

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1 Q. So is it fair to conclude then that neither your company nor any other company that  
2 would be drilling for the Cotton Valley outside this 190-acre unit would encounter the  
3 Cotton Valley as you have defined it in this 190-acre unit?

4 A. Yes, that's a reasonable conclusion.

5 Q. All right. Let's go now to your next exhibit which is the cross section that you referred to  
6 as A-A'.

7 A. Okay. That is a structural cross section. The datum is -10,700 foot shown with the red  
8 line at the top of the section. In essence, we are depicting the stratigraphic section  
9 penetrated by each of the four wellbores from there down. There is a datum marked as  
10 the top, shaded kind of an orange-brown color, the top of the Cotton Valley section. It's  
11 labeled the 11,150 foot Cotton Valley sand. It is wet, salt-water bearing, in the well on  
12 the left which is our Lassiter 4-10. It is productive in the No. 1 Hart 4-7, the No. 2 Hart  
13 4-7, and on the right side in the Federal 4-8 well. Shown additionally below that, if we  
14 come down, are a number of stringers in the three productive wells. Annotated in yellow  
15 to the right-hand side of the well log tracts shown with green circles are oil sidewall cores  
16 that were taken. Open circles are low perm cores. There was one core in the 4-2 well  
17 that had a little bit of gas analysis but would be an oil sand. That's shown at the bottom.  
18 Those are all sands via sidewall core analyses and our open hole log evaluation and  
19 calculations based on our experience here that are all deemed to be productive of  
20 hydrocarbons. The oil-water contact that I referred to on the prior exhibit, the structure  
21 map, is shown by a green dashed line. It's at -10,912 feet. That is an oil-water contact  
22 defined by sidewall core data and log analyses in the Cotton Valley 11,150 foot sand.  
23 Again, there are a number of individual sands within this overall Cotton Valley reservoir.  
24 The ones that we deem to be productive are shown in yellow. The other sands would be  
25 wet. Over in the Lassiter well all of the sands are wet and nonproductive of oil in that  
26 wellbore off structure. At the bottom of both the 4-7 No. 1 and the 4-8 No. 1 there is a  
27 correlation line that shows the Haynesville sand. In perforations annotated in each of  
28 those wellbores, those are the wells that were completed in the Lower Haynesville sands



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1 and are still completed there and are the subject of our waterflood unit in the Lower  
2 Haynesville sand.

3 Q. That's the unitized production from this field?

4 A. That is correct. I might also point out that in the No. 2 Hart 4-7 well, which is the only  
5 well completed in the Cotton Valley at this time, there are two sets of perforations. The  
6 initial set was the initial completion in that well, 11,132 feet to 11,147 feet. It was  
7 completed in May of 2000 at an initial rate of 984 barrels a day. The rest of the  
8 information is there as depicted. The well came on and produced--Mr. Bissmeyer will  
9 have exact numbers--several hundred thousand barrels of oil. We had increasing water  
10 cut. We came before the Board and expanded the definition of the horizon to include all  
11 the sands within that reservoir and came back and added seven feet of perforations. In  
12 February of this year those perforations are annotated 11,220 to 11,227. Production  
13 increased from approximately 250 barrels a day of oil and 450 barrels of water up to 525  
14 barrels of oil and 208 barrels of water by adding that one stringer. So we have kind of an  
15 ongoing process in what we have learned about the reservoir, a number of sands that will  
16 additionally be productive. Again, those are the ones that we believe are annotated in  
17 yellow on those logs.

18 Q. All right, sir.

19 MR. WATSON: Now, if you will, leave that exhibit out because I want my engineering  
20 witness to refer to this. Mr. David Bissmeyer has previously appeared before you, Mr. Rogers  
21 and members of the Board, and has on file an affidavit of his qualifications as a petroleum  
22 engineer. You have prepared exhibits in support of this request for an exception to Rule 3, have  
23 you not, Mr. Bissmeyer?

24 MR. BISSMEYER: That is correct.

25 MR. WATSON: You are familiar with the petition and the request here pertaining to that  
26 exception request?

27 MR. BISSMEYER: Yes.

28 MR. WATSON: I tender Mr. Bissmeyer as an expert petroleum engineer, Mr. Rogers.

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1 MR. ROGERS: He is so recognized.

2 DAVID BISSMEYER

3 Appearing as a witness on behalf of Petitioner, Ventex Operating Corporation, testified as  
4 follows:

5 DIRECT EXAMINATION

6 Questions by Mr. Watson:

7 Q. Let's look in the booklet of exhibits to the first exhibit that you have prepared, Mr.  
8 Bissmeyer, which will be Exhibit 5.

9 A. Exhibit No. 5 is submitted for reference as a historical production plot of the Hart 4-7 No.  
10 2 well. As previously stated, the well came on in April of 2000. You will note three  
11 distinct peaks during the life of the well, the first being the initial production which was  
12 established in the original 11,150 foot Cotton Valley sand which through 2000 into early  
13 2001 had declined to about 8,000 barrels of oil per month which coincided with the  
14 increasing water production. The next peak in production which I have annotated as  
15 coincident with the installation of the artificial lift system, the hydrologic oil systems,  
16 that we use in the North Rome Field, was implemented on this well and we were able to  
17 re-establish production to the field allowable. That, again, was solely from the 11,150  
18 foot sand. That production proceeded to decline on off until February of this year at  
19 which time following the approval of the Board we added perforations down in the  
20 11,220 to 227 foot interval and subsequently increased production back up to that 525  
21 barrels of oil per day and approximately 200 barrels of saltwater per day. That  
22 production has declined from that peak production but continues to produce at  
23 approximately 450 barrels of oil per day from those two sets of perforations. To date the  
24 well has a cumulative production of approximately 500,000 barrels of oil per day.

25 Q. Now before we discuss your last exhibit which is your plan of operation, Mr. Bissmeyer,  
26 let me read for you and members of the staff the request in our petition pertaining to Rule  
27 3. Rule 3 states that the discovery well in the Lower Cotton Valley Sand Oil Pool or any  
28 subsequent replacement well will efficiently and economically drain and produce the unit

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1 containing approximately 190 acres. Due to the fact that the reservoir quality of each  
2 individual stringer or lense varies from well to well in the aforementioned wells within  
3 the 190-acre unit, petitioner seeks an exception to Rule 3 in order to produce from any  
4 one or all of the stringers or lenses in the above described wells on the 190 acre unit. Tell  
5 Mr. Rogers and the staff how Ventex proposes to do that.

6 A. We believe if our request is granted that we would be able to maximize recovery from  
7 this 190-acre Lower Cotton Valley unit by being able to selectively perforate the highest  
8 quality reservoir interval within the respective wellbores. We have, based on our  
9 production history which we have gained since operating the field along with our log  
10 evaluation and core data, been able to identify higher quality lenses within the Lower  
11 Cotton Valley interval in the three various wellbores. It's not symmetrical for any one  
12 given wellbore. You may have a higher quality lense in the Hart 4-7 No. 1 for example at  
13 a particular depth verses what exists in the Hart 4-7 No. 2 or the Federal 4-8 and vice  
14 versa. It is my opinion that by being able to produce from the highest quality reservoir  
15 lense that we will effectively maximize recovery from the Lower Cotton Valley interval.  
16 It is our intention through the course of the field life to produce various lenses from the  
17 three wellbores as they are available. Currently the Hart 4-7 No. 1 and the Paramount  
18 Federal 4-8 are completed in the East Haynesville Waterflood Unit but as their utility in  
19 that unit is no longer required, we would intend to come up and add intervals in the  
20 Lower Cotton Valley interval based on our evaluation of which zones make sense at that  
21 time.

22 Q. Let's also look at the discovery zone, this 11,150 foot Cotton Valley sand that is currently  
23 producing from the No. 2 well. Discuss with the staff the dynamics of that production  
24 and how it may be that in the future you would attempt to produce that same zone from  
25 one of the offset wells.

26 A. Yes. As is evidenced by the water production that we experienced from that original  
27 completion in that 11,150 lense and subsequent bottom hole pressure data which has been  
28 submitted to the Board, we know for a fact that this reservoir produces with a strong

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1 water drive, as we also expect the lenses in the remainder of the Cotton Valley to produce  
2 likewise. With particular note on that 11,150 zone, as it is a very active water drive, at  
3 some point the water will encroach the full height of those perforations but not have  
4 necessarily watered out that entire 11,150 interval. You are going to have a natural  
5 coning just due to the viscosity differences of water and oil that would actually  
6 potentially leave some reserves behind that could be recovered in the Hart 4-7 No. 1 or in  
7 the Federal 4-8. So, it is our intention at some point in the future that even though the  
8 11,150 foot sand perforations in the Hart 4-7 No. 2 have watered out, we would intend to  
9 go and perforate the upper part of that same lense in the offset wells and, in my opinion,  
10 recover significant additional reserves. We are fortunate the way this field was  
11 developed that we do have three wellbores draped across the crest of the structure that  
12 will allow that to happen.

13 Q. Do you expect, Mr. Bissmeyer, the other lenses that you are showing as productive based  
14 on the sidewall cores to also have a water drive and to have the same phenomenon that  
15 you have described for the 11,150 foot sand?

16 A. That is my opinion that they all have a water drive mechanism.

17 Q. If the Board were to see fit to approve this exception to Rule 3 as we have requested,  
18 what will be the first thing that Ventex would do as operator in this 190-acre unit?

19 A. It would be our intention to submit a proposal to the working interest owners to come in  
20 and temporarily abandon the Federal 4-8 completion in the waterflood unit as currently  
21 shut-in. We do believe that it has some utility as a future water injection well for the East  
22 Haynesville Waterflood Unit. Currently we are not planning on injecting water in that  
23 zone so it would be our intention to propose to produce one of the lenses in the Lower  
24 Cotton Valley interval in the 4-8 well.

25 Q. Would the granting of the exception to Rule 3 in your opinion, Mr. Bissmeyer, enable  
26 Ventex as operator of this 190-acre unit to recover the maximum recoverable  
27 hydrocarbons that you have defined through the drilling of these three wells?

28 A. That is my opinion, yes.

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1 Q. That would prevent what we often repeat, the prevention of waste. This would really be  
2 the antithesis of the prevention of waste, would it not?

3 A. It would be.

4 Q. We have had discussions about this. Had we just had one well drilled in this area and it's  
5 very conceivable, is it not, Mr. Bissmeyer, that a tremendous amount of oil that we now  
6 know or believe to exist under this 190-acre unit would have possibly not been  
7 recovered?

8 A. That's very much the case. We are fortunate that we have the three wellbores in the  
9 situation to maximize recovery from this Lower Cotton Valley interval.

10 DAVID SKIDMORE

11 DIRECT EXAMINATION

12 Questions by Mr. Watson:

13 Q. As a petroleum geologist, Mr. Skidmore, do you share Mr. Bissmeyer's opinion that the  
14 granting of the exception to Rule 3 would allow your company as operator to recover the  
15 maximum amount of recoverable hydrocarbons from this 190-acre unit, thereby  
16 preventing waste?

17 A. Yes I do.

18 MR. WATSON: Do both of you share the opinion that the granting of the petition would  
19 also protect the correlative rights of all the owners in the 190-acre unit?

20 MR. SKIDMORE: Yes.

21 MR. BISSMEYER: Yes.

22 MR. WATSON: Mr. Rogers, that now brings us to the second petition here today and  
23 that is the force pooling of unleased tracts and interests in this 190-acre unit.

24 DAVID SKIDMORE

25 DIRECT EXAMINATION

26 Questions by Mr. Watson:

27 Q. Mr. Skidmore, is it your responsibility with Ventex to oversee the land matters? Do you  
28 have a familiarity with the ownership interest in this 190-acre unit?

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1 A. Yes on both counts.

2 Q. All right, sir. I think you said to me as an independent oil producer you have to be able to  
3 do a little bit of everything since you are not a fully integrated oil company, so you do a  
4 little land work as well as geology. Is that right?

5 A. That is correct. After 23 or 24 years, I have done a lot of that.

6 Q. But you do have the assistance of qualified land personnel who have helped you in this.  
7 Is that correct?

8 A. That is correct.

9 MR. WATSON: Mr. Rogers, when we set up this 190-acre unit we had a force pooling  
10 order at that time, force pooling outstanding unleased tracts and interests. That was your Board  
11 Order 2001-2. At that point-in-time the record will show that we had 1.892 net mineral acres or  
12 .9959 percent of the owners in that unit that had not voluntarily agreed to pool their interest and  
13 the Board issued an order force pooling those tracts and interests without the risk compensation  
14 penalty.

15 Q. Today, Mr. Skidmore, we have reduced that number, have we not?

16 A. That is correct.

17 Q. Today, as I understand it, the outstanding unleased interests are what? How many acres  
18 are outstanding as of today?

19 A. We have .607455 net mineral acres outstanding of the 190 acres.

20 Q. That represents approximately what percent?

21 A. It's approximately .319713 percent.

22 Q. Through examination of title and working land curative matters you have identified,  
23 according to the affidavit of notice that we have prefiled, six parties that would own this  
24 combined interest?

25 A. That is correct. Just again, historically when Torch expanded the original production  
26 units from 160 out to 207.5 on the No. 1 Hart 4-7, they had a number of unleased mineral  
27 interest owners that were force pooled. When we stepped into their shoes as operator of  
28 the properties there were approximately 36 separate entities that were unleased at that

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1 point-in-time. We have through extreme diligence been able to reduce that number to  
2 six. So we, I think, have done a pretty good job at tracking down and finding a lot of the  
3 people that were unlocatable when we stepped into it.

4 Q. One of the six parties listed here is the Leona Hockstra estate. Is that, in fact, an estate or  
5 is Ms. Leona Hockstra heir to that estate?

6 A. She is an heir. That's part of what was called the Amanda Hart Estate. The Amanda  
7 Hart Estate went to about eight different entities. She is one of those entities and she has  
8 never been able to be located. We have been trying for 3 ½ years.

9 Q. So it is your testimony that your company, under your supervision and control for land  
10 matters, has made a diligent effort to locate these parties in an effort to lease or have them  
11 participate in the drilling and production of these wellbores. Is that your testimony?

12 A. That is correct.

13 Q. Now, let's explain--this is a little unique--to the Board how your company has  
14 implemented the previous force pooling order and Board Order 2001-2 and what the  
15 change will be subsequent to the force pooling of the interest that we have just described.  
16 You know, do you not, that each force pooled interest is entitled to its proportionate share  
17 of a 3/16<sup>th</sup> royalty?

18 A. Yes sir, I do. We have been dealing with this, again, since day one. We had these same  
19 entities with different interests, of course, but the same entities were force pooled initially  
20 in the waterflood unit, the Lower Haynesville. Their interests were under statute force  
21 pooled with a 1/8<sup>th</sup> royalty until a payout, thereafter, they became working interest  
22 owners with their full net interest. We have accounted for their interests, both internally  
23 and to Genesis, which is a crude oil buyer, of their full mineral interest and they are listed  
24 as a working interest owner subject to our recoupment of the drilling and operating costs  
25 and they have been long since paid out in that venue. Likewise, in the Hart No. 2, the  
26 Cotton Valley production, a separate set of accounting with a separate set of interest and  
27 a separate payout schedule there for those force pooled interests with a 3/16<sup>th</sup> royalty as  
28 such point-in-time as the payout of the well occurred which, because of its high

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1 productivity nature, occurred in just a matter of months. They were then converted to a  
2 working interest status, subject to, you know, their portion of the net operating expenses.  
3 We have accounted for that interest likewise since day one on that Cotton Valley  
4 separately from the Haynesville. So, we have been maintaining two separate sets of  
5 accounting for those force pooled interests for approximately three years.

6 Q. Now as we come to this juncture and if the Board force pools the interests of the six  
7 parties that we have outlined here that remain outstanding, you will then start what's  
8 called another pay deck with the oil purchaser for those interests until payout?

9 A. That's correct. Since the revenue being generated is substantial over expenses because  
10 we are simply in operation mode, it will for all practical purposes be an instantaneous  
11 payout. Because of the miniscule nature of their interests I sincerely doubt we will do  
12 anything other than leave them in the full status and not even put them back into the  
13 royalty because it would toggle in a matter of days as opposed to any kind of months.

14 Q. But the operation of the order would be complied with by the oil purchaser and would be  
15 accounted for as a separate entity subsequent to the date of the Board entering that force  
16 pooling order which we would assume would be October 10<sup>th</sup>.

17 A. That is correct.

18 Q. In handling those interests in that way, you would be in full compliance with Section 9-  
19 17-13 of the Code, the force pooling code. We are not penalizing these interests and their  
20 correlative rights would be protected. Is that your testimony?

21 A. Yes sir, it is.

22 MR. WATSON: Mr. Rogers, I would ask that you receive into the record of this hearing  
23 Exhibits 1 through 6 to the testimony of my witnesses.

24 MR. ROGERS: The exhibits are admitted.

25 (Whereupon, the exhibits were received in evidence)

26 MR. WATSON: I think we have all the housekeeping chores done. Now I will tender  
27 them to the staff for any questions.



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1 MR. ROGERS: We appreciate you addressing that issue of the accounting, Mr. Watson.  
2 I think I've got one other question, maybe for you, Mr. Watson. That estate that you said was a  
3 party that couldn't be located, under the rules you need to show that you made a diligent effort to  
4 find them. It may have been done, perhaps, in some prior record. If not, perhaps that needs to be  
5 addressed with a separate affidavit because even though they have been receiving interests for  
6 some time it is required in the regs that you show that you have made a diligent effort to locate  
7 somebody that you couldn't find.

8 MR. WATSON: I'll be glad to do that with Mr. Skidmore because he can say that. My  
9 point to the record was that even though the word "estate" was in parenthesis outside that lady's  
10 name, that is not an estate. She is not an estate. She is an heir from an estate.

11 MR. ROGERS: I appreciate your mentioning that, Mr. Watson. I had that question too.

12 DAVID SKIDMORE

13 DIRECT EXAMINATION

14 Questions by Mr. Watson

15 Q. Mr. Skidmore, you and those people working for you, your land men and the attorney's  
16 who do your title work all combined, have you all made a diligent effort to locate, contact  
17 and converse with these parties that we are now seeking to force pool?

18 A. Yes we have.

19 MR. ROGERS: I thought you said that these parties were actually located, Mr. Watson,  
20 except for the Leona Hochstra estate.

21 MR. WATSON: We have addresses for all these people. We have notified all these  
22 people. We have not had any responses, no leases from any. We have had one lady, if we did  
23 not say this, Ms. Marion Sellers, who actually returned her offer.

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DAVID SKIDMORE

## EXAMINATION BY BOARD/STAFF

Questions by Dr. Bolin:

Q. I have a couple of clarifying questions here, starting with Mr. Skidmore. The original discovery well for this Cotton Valley production was the Hart 4-7 No. 2 well. Is that correct?

A. That's correct.

Q. It was originally set up as the expanded unit on the 190 acres as you have indicated previously.

A. Correct.

Q. That was originally based on the original Cotton Valley interval which was what you are now calling the 11,150 foot Cotton Valley sand?

A. Correct.

Q. It was on that basis and the testimony was at that time that one well would economically and efficiently drain the entire 190 acres. Is that correct?

A. That's correct.

Q. Subsequently, the productive interval was expanded as is shown on Exhibit 4 today.

A. That's correct.

Q. As a result of that expanded interval is that a potential for additional opportunities to recover additional oil through the other wellbores that you are making this request here?

A. That is correct. To some degree of function, of time/economics. As you can see by the number of individual oil producing lenses within the Cotton Valley reservoir and because we have the additional wellbores there, you know, I don't think there is any reasonableness for us to assume that we would ever go drill another wellbore for these, but because the wellbores are there it gives us the opportunity to make better completions and probably more efficient recovery because if you were to get down to the scraps you've got additional points to pull from that you wouldn't have in an ordinary circumstance.

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1 Q. An additional follow-up question is that in regard to the expanded productive interval, all  
2 of the productive interval is still contained in that original 190-acre unit as you are  
3 showing on Exhibit 3?

4 A. That's correct. One thing that I didn't say earlier but the seismic does demonstrate very  
5 clearly is we have submitted to the Board structure maps based on the seismic at the  
6 Lower Haynesville level and also at the top of the Cotton Valley, the 11,150 foot interval.  
7 Those are two mapable events in the seismic data and they are conformable, one  
8 overlying the other and then interface that with the wellbore control and the Lassiter well  
9 being structurally low and wet, it's very strong evidence that the oil-water contact on any  
10 of these sands would be conformable to what we have mapped and shown.

11 Q. One last question, the original intent of not allowing a unit to have more than one  
12 productive well in terms of being in a competitive nature with other offsetting units is  
13 that it would provide an unfair advantage. In this particular circumstance with the pool  
14 accurately defined and contained within this one original unit there would not be any  
15 offsetting competitive units to consider.

16 A. That is correct.

17 Q. Thank you.

18 MR. ROGERS: The staff will review the evidence and make a recommendation to the  
19 Board. The next item is Item 21, Docket No. 10-8-03-7, petition by Dominion Black Warrior  
20 Basin, Inc.

21 MR. WATSON: I have one witness, Mr. Rogers, and would like to have him sworn in,  
22 please, sir.

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

24 MR. HUTCHINGS: Steve Hutchings, Mobile, Alabama.

25 (Witness was sworn by Mr. Rogers)

26 MR. WATSON: Mr. Rogers, I have prefiled an affidavit of notice in this matter and  
27 would ask that you make it a part of the record.

28 MR. ROGERS: The affidavit is admitted.

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1 (Whereupon, the affidavit was received in evidence)

2 MR. WATSON: Mr. Hutchings, you have appeared before this Board on numerous  
3 occasions and have on file an affidavit of your qualifications as a petroleum landman. Is that  
4 correct?

5 MR. HUTCHINGS: That's correct.

6 MR. WATSON: Are you familiar with the petition that has been called today for the  
7 force pooling, without imposition of the risk compensation fee, of tracts and interests in an 80-  
8 acre unit for the Ernest 34-7-440 well, that 80-acre unit consisting of the West Half of the  
9 Northeast Quarter of Section 34, Township 16 South, Range 9 West, Fayette County, Alabama?

10 MR. HUTCHINGS: Yes sir.

11 MR. WATSON: I tender my witness as an expert landman, Mr. Rogers, for giving  
12 testimony in this matter.

13 MR. ROGERS: He is so recognized.

14 STEVEN HUTCHINGS

15 Appearing as a witness on behalf of Petitioner, Dominion Black Warrior Basin, Inc.,  
16 testified as follows:

17 DIRECT EXAMINATION

18 Questions by Mr. Watson:

19 Q. You are familiar with the title. Tell us, Mr. Hutchings, about the outstanding unleased  
20 interest in this 80-acre unit. Our petition alleges that we have 1.48 net mineral acres or  
21 approximately 1.85 percent that has not yet agreed to lease or participate.

22 A. That is correct Mr. Watson. That number was as of mid-September. As of this morning  
23 it's down to .957 net acres. We have obtained leases from approximately ten of the 27  
24 heirs that were contained in our notice.

25 Q. All right. So, you have identified the owners of the outstanding interests. Have you  
26 made a diligent effort to contact them and to secure leases from these parties?

27 A. Yes sir.

28 Q. Every one of them?

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1 A. Every one of those. In fact, there were two that when the notices were filed we identified  
2 those as whereabouts unknown. We have obtained a lease from one of those, Leon  
3 Robertson. We have also located Billy Ray Robertson since the notices were filed in  
4 mid-September.

5 Q. All right. We had an existing permit to drill the Ernest 34-7-440 well on a unit consisting  
6 of the South Half of the Northeast Quarter of this Section 34 and we requested that that  
7 permit be cancelled for two reasons. We had a dispute with the surface owner concerning  
8 damages, and it was determined that it would be advantageous if the mineral ownership  
9 in the 80 acres was common, that is these parties that are listed in our affidavit of notice.  
10 Is that a true and correct statement?

11 A. Yes sir.

12 Q. It's true isn't it, Mr. Hutchings, that by getting a force pooling order from this Board  
13 where the minerals and the surface have been severed and even where the minerals and  
14 the surface are together, the force pooling order in and of itself does not give a company  
15 the right to go in and set up operations on someone's surface unless they can make a  
16 separate agreement for damages. Is that right?

17 A. That's correct.

18 Q. Okay. You had those problems and for reasons stated in the petition we have changed  
19 the unit configuration?

20 A. Right. We had two problems with the original configuration. One was the surface owner  
21 problem and one was the title question.

22 Q. Okay. In contacting and asking these parties to lease or participate did you make them a  
23 proposal that was comparable to a proposal made to other parties who did, in fact, lease  
24 their interest?

25 A. Yes sir.

26 Q. All right, sir. In your opinion would the granting of this petition force pooling the  
27 outstanding tracts and interests, the numbers of which you have recited for the record,  
28 prevent waste and protect the correlative rights of the parties?

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1 A. Yes sir.

2 Q. Would it also avoid the drilling of unnecessary wells?

3 A. Yes sir.

4 MR. WATSON: I tender Mr. Hutchings to you, Mr. Rogers, and the staff.

5 MR. ROGERS: The only thing that I can think might be helpful would be to update this  
6 with another letter so that we will have something showing perhaps, for example, that Robertson  
7 is now located. What about that, Mr. Watson? Would that be possible?

8 MR. WATSON: No problem. I'll also update your order because we'll need to put that  
9 in the order with the new numbers.

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

11 MR. WATSON: Thank you.

12 MR. ROGERS: The next item is Item 23, Docket No. 10-8-03-9, petition by Primal  
13 Energy Corporation.

14 MR. WATSON: Mr. Rogers, I have prefiled an affidavit of notice in this matter for  
15 Primal and ask that you admit that into the record.

16 MR. ROGERS: It is admitted.

17 (Whereupon, the affidavit was received in evidence)

18 MR. WATSON: I have just handed up to Mr. Hinkle an affidavit of testimony by Robert  
19 Schneeflock who is a qualified petroleum geologist, qualified as an expert witness who is a  
20 geologist before this Board. The affidavit in summary states that Mr. Schneeflock examined the  
21 results of the drilling of a well nearby this location. For the record Primal Energy Corporation  
22 had permitted this particular well, the Paramount Humphrey 1-5. They did not drill it within the  
23 six month time period allowed by the permit. The permit was cancelled. They have decided to  
24 drill that well. In the interim there was an additional well drilled in the area. Mr. Schneeflock's  
25 affidavit addresses that and states that based on his testimony in support of the exceptional unit,  
26 nothing had changed. I would ask that you receive Mr. Schneeflock's affidavit of testimony into  
27 the record of this hearing and that you make your recommendation to the Board based on the  
28 testimony contained in that affidavit.

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1 MR. ROGERS: The affidavit is admitted.

2 (Whereupon, the affidavit was received in evidence)

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

4 MR. ROGERS: Any questions? The staff will review the evidence and make a  
5 recommendation to the Board. The next item is Item 25, Docket No. 10-8-03-11A, petition by  
6 Black Warrior Methane Corporation.

7 MR. WATSON: There is a prefiled affidavit of notice in this matter, Mr. Rogers. I  
8 would ask that it be admitted into the record.

9 MR. ROGERS: The affidavit is admitted.

10 (Whereupon, the affidavit was received in evidence)

11 MR. WATSON: I have Mr. Eric Hutchens with me today and I just handed up to you his  
12 affidavit of testimony in support of a petition to amend Rule 5 to add Rule 5E to the Special  
13 Field Rules for the Brookwood Coal Degasification Field. What this rule is proposing to do is to  
14 work out a procedure whereby the operator with the Oil and Gas Supervisor can produce annular  
15 gas and monitor nearby fresh water wells. I would ask that you receive Mr. Hutchens' affidavit  
16 of testimony into the record of this hearing.

17 MR. ROGERS: The affidavit is admitted.

18 (Whereupon, the affidavit was received in evidence)

19 MR. WATSON: If you have any questions he is here. If not, I would ask that you make  
20 your recommendation to the Board based on the testimony contained in that affidavit of  
21 testimony.

22 MR. ROGERS: The staff has no questions. We will review the evidence and make a  
23 recommendation to the Board.

24 MR. WATSON: Mr. Rogers, before I yield the Chair, if I could please, I would like to  
25 request that you recommend a continuance of Item 7 on today's docket. That's the Dominion  
26 Black Warrior Basin's force pooling with risk compensation for the Barrentine 2-4-275 well. If  
27 you would recommend that continuance I will notify the parties who have an interest in this  
28 matter and that the matter is being continued until the November 14<sup>th</sup> meeting of the Board.

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1 MR. ROGERS: That is the item that we sent the letter to Mr. Savage in Jasper?

2 MR. WATSON: Yes sir.

3 MR. ROGERS: All right. You said that you will notify him?

4 MR. WATSON: I will notify Mr. Savage and his three sisters. I will copy you with a  
5 copy of that. We'll call him and we'll write him.

6 MR. ROGERS: Any objection to that? We will--I suppose we will make that  
7 recommendation, Mr. Watson. Have you talked to Mr. Savage about it and did he say he was  
8 coming to the hearing or anything?

9 MR. WATSON: No, I've not talked to him.

10 MR. ROGERS: That will be fine. Tom, since we wrote him a personal letter letting him  
11 know that the hearing was set for Friday, why don't you, after you contact him, let us know so  
12 we will understand; otherwise, we probably need to contact him, Mr. Morris Savage. Thank you.  
13 The next item then is Item 27, Docket No. 10-8-03-13, petition by El Paso Production Company.

14 MR. HARRISON: Mr. Rogers, I have one witness I would like to have sworn, please.

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

16 MR. POWELL: Ronnie Powell, Texarkana, Arkansas.

17 (Witness was sworn by Mr. Rogers)

18 MR. HARRISON: Mr. Rogers, I have prefiled an affidavit of notice in this matter and  
19 would like to have that affidavit admitted, please.

20 MR. ROGERS: The affidavit is admitted.

21 (Whereupon, the affidavit was received in evidence)

22 MR. HARRISON: This is a petition to force pool, without risk compensation, the  
23 Northeast Quarter of the Northwest Quarter of Section 5, Township 18 South, Range 8 West, and  
24 the Southeast Quarter of the Southwest Quarter of Section 32, Township 17 South, Range 8  
25 West, Tuscaloosa County, Alabama, in the White Oak Creek Coal Degasification Field. Mr.  
26 Powell, have you previously testified before this Board?

27 MR. POWELL: No.

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



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1 MR. POWELL: Yes.

2 MR. HARRISON: Could you briefly go through those qualifications please?

3 MR. POWELL: I was introduced into the land profession in late 1977 or 1978. I have  
4 been an active landman since that time. I received a certified professional landman designate in  
5 1992 and I have belonged to the American Association and the Ark-La-Tex Association of  
6 Professional Landmen since 1978.

7 MR. HARRISON: I ask that he be admitted as an expert petroleum landman.

8 MR. ROGERS: He is so recognized.

9 RONNIE POWELL

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

12 DIRECT EXAMINATION

13 Questions by Mr. Harrison:

14 Q. Mr. Powell, have you worked on leasing potential mineral interest owners in this unit?

15 A. Yes I have.

16 Q. Your title opinion for this unit indicates that Gulf States Paper Company has superior title  
17 in this unit. Is that correct?

18 A. Yes it is.

19 Q. You are attempting to lease an estate that has a potential mineral claim. Is that correct?

20 A. That is correct.

21 Q. All right. We'll refer to these persons as the Simpson heirs. Approximately how many  
22 heirs are there in this estate?

23 A. There are 100 heirs even.

24 Q. Okay. You have leased all of these heirs except for eleven persons?

25 A. That is correct.

26 Q. Of these eleven, you have contacted all except one. Is that correct?

27 A. That's right.

28 Q. That is a person named Greta Jackson?

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1 A. That's correct.

2 Q. Could you tell us what attempts you have made to locate Greta Jackson?

3 A. I spoke with Greta's half brother, Dale Dunn, and he had indicated that they were  
4 originally from Florida and that Greta had married a man by the name of Gene Jackson  
5 and that they had moved to the south Florida area, to Hollywood or Ft. Lauderdale. I  
6 check directory assistance and didn't have any luck for Gene or Greta Jackson or her  
7 maiden name, Greta Dunn. I then got on the Internet and checked on people search for  
8 Gene or Greta Jackson or Greta Dunn and again didn't have any luck in that area. I  
9 checked just the G. Jackson's in that area and I did locate six G. Jackson's in the  
10 Hollywood/Ft. Lauderdale area, contacted all six and no luck there. Then I checked the  
11 entire state for Gene, Greta or Greta Dunn. Again, I didn't have anything in the entire  
12 state. I also checked--although she was from Florida I did check the Tuscaloosa Probate  
13 Judge and the Walker County Probate Judge to see if they had executed an instrument  
14 that maybe I could get a lead from and I just didn't get anything. I also checked with  
15 several of her cousins and they never had heard from her.

16 Q. So you have made a diligent effort to attempt to locate her?

17 A. Yes.

18 Q. Of the other ten persons that we have given notice to, you have not obtained leases from  
19 these people?

20 A. No.

21 Q. Why is that?

22 A. I had contacted these people, most of them several different times. Some of them had  
23 even said they had sent them back. I never did get any response. Each time I called them  
24 they would give me the same response, you know, we'll get it in. I never did get  
25 anything.

26 Q. Okay. The total interest that these eleven people own in the unit is approximately 1.5 net  
27 mineral acres. Is that correct?

28 A. That's correct.

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1 Q. Again, this is a potential interest only. They are not vested with certain title in this unit.  
2 Is that correct?

3 A. That's correct.

4 Q. All right. Are you familiar with the term waste as defined by the statutes of the State of  
5 Alabama?

6 A. Yes.

7 Q. In your opinion will the granting of this petition prevent waste?

8 A. Yes.

9 Q. And protect the coequal and correlative rights of all owners in this unit?

10 A. Yes.

11 Q. I have one further question dealing with Katherine Malloy whose address we had listed as  
12 c/o the Plymouth County Board of Health. Why are we using that address for her?

13 A. She was getting a divorce at the time we were acquiring the leases and she wanted all  
14 correspondence sent to her at her work.

15 Q. She has received the request for the lease.

16 A. She did. We mailed the lease and never did get anything back, so I assume that she did  
17 receive it and she had it on hand.

18 Q. Okay. My notice of this petition also went to her at that address and has not been  
19 returned.

20 A. That's correct.

21 MR. HARRISON: I have nothing further. I tender the witness.

22 RONNIE POWELL

23 EXAMINATION BY BOARD/STAFF

24 Questions by Mr. Rogers:

25 Q. One other thing, state again the name of the party that you couldn't locate.

26 A. Greta Jackson.

27 Q. Do you have a last known address? What is her relationship to somebody?

28 A. There are so many heirs I don't remember exactly.

1 Q. She is one of the heirs of whom?

2 A. William Harvey Simpson.

3 Q. All right. We'll have that in the record should she appear some time.

4 MR. ROGERS: Anything else, Mr. Harrison?

5 MR. HARRISON: That's it.

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

7 The next item then is Item 28, Docket No. 10-8-03-14, petition by El Paso Production Company.

8 MR. HARRISON: Gentlemen, this is a petition to force pool the Northwest Quarter of  
9 the Northeast Quarter of Section 5, Township 18 South, Range 8 West, and the Southwest  
10 Quarter of the Southeast Quarter of Section 32, Township 17 South, Range 8 West, Tuscaloosa  
11 County, Alabama, in the White Oak Creek Coal Degasification Field. In this unit we have the  
12 same heirship situation as in the previous petition, the same owners of a potential unleased  
13 mineral interest, and the same ownership percentages. I would ask that the testimony of Mr.  
14 Powell from the previous item be incorporated into this item.

15 MR. ROGERS: That will be done. His testimony is incorporated into this petition.

16 MR. HARRISON: Thank you.

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

18 MR. HARRISON: That's it.

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

20 The affidavit of notice in this item is admitted.

21 (Whereupon, the affidavit was received in evidence)

22 MR. ROGERS: The last item then is Item 29, Docket No. 10-8-03-15, petition by El  
23 Paso Production Company.

24 MR. HARRISON: Gentlemen, this is a petition to force pool the Southeast Quarter of  
25 the Northeast Quarter of Section 5, Township 18 South, Range 8 West, Tuscaloosa County,  
26 Alabama, in the Blue Creek Coal Degasification Field. Once again, we have the same heirship  
27 situation, same ownership percentages. I would ask that the testimony of Mr. Powell be  
28 incorporated into this matter and the petition be granted on that basis.

1 MR. ROGERS: His testimony is incorporated into this petition.

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

3 The affidavit of notice in this item is also admitted.

4 (Whereupon, the affidavit was received in evidence)

5 MR. HARRISON: Thank you.

6 MR. ROGERS: Anything else for the hearing? The hearing is adjourned.

7 (Whereupon, the hearing was adjourned at 11:50 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 8, 2003, 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 62 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