

December 15, 2004

	DIRECT RE-DIRECT	INDEX CROSS/ RE-CROSS	EXAM. BY BOARD/STAFF
1. Foster Kennedy	17-18	---	18-19
2. Steve Hutchings	21-22 24-25	---	23
3. Rupert Bodden	28	---	---

Mc  
2-11-05

MR

## EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Board Exhibit	Proofs of Publication Docket No. 12-15-04-1 Docket No. 12-15-04-2 Docket No. 12-15-04-3 Docket No. 12-15-04-4 Docket No. 12-15-04-5 Docket No. 12-15-04-6 Docket No. 12-15-04-7 Docket No. 12-15-04-8 Docket No. 12-15-04-9 Docket No. 12-15-04-10 Docket No. 12-15-04-11 Docket No. 12-15-04-12 Docket No. 12-15-04-13 Docket No. 12-15-04-14 Docket No. 12-15-04-15	15	15
Board Exhibit	Hearing Officer Order	15	15
Exhibit 1 (Item 5)	Affidavit of notice (John Foster Tyra)	16	16
Exhibit 2 (Item 5)	2/2/05 letter to Board (John Foster Tyra)	-----	-----
Exhibit 1 (Item 9)	Affidavit of testimony (John D. Herlihy)	19	19
Exhibit 1 (Item 10)	Affidavit of testimony (John D. Herlihy)	20	20
Exhibit 1 (Item 11)	Affidavit of testimony (John D. Herlihy)	20	20
Exhibit 1 (Item 13)	Affidavit of testimony (Steven M. Hutchings)	22	22

## EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 2 (Item 13)	Chart-mineral interest Sec. 8, T17S, R 9W, Blue Creek Coal Degas. Field (Steven M. Hutchings)	23	23
Exhibit 1 (Item 14)	Affidavit of testimony (Steven M. Hutchings)	25	25
Exhibit 2 (Item 14)	Chart-mineral interest Sec. 36, T17S, R10 W, Blue Creek Coal Degas. Field (Steven M. Hutchings)	25	25
Exhibit 1 (Item 15)	Affidavit of notice (William T. Watson)	26	26
Exhibit 2 (A-B) (Item 15)	Affidavit of testimony with attached exhibits (Robert Land)	26	26
Exhibit (1-4) (Item 16)	Affidavit of testimony (Rupert Bodden)	27	27
Exhibit 1 (Item 16)	Plat of southern and eastern boundary of Oak Grove Coal Degas. Field and expansion area of field (Rupert Bodden)	27	27
Exhibit 2 (Item 16)	Legal description of expansion area Oak Grove Coal Degas. Field (Rupert Bodden)	27	27

## EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 3 (Item 16)	Cross section of coal groups Oak Grove Coal Degas. Field (Rupert Bodden)	27	27
Exhibit 4 (Item 16)	Special Field Rules, Oak Grove Coal Degas. Field (Rupert Bodden)	27	27
Exhibit 5 (Item 16)	Gamma ray high resolution density log, Blue Creek Basin #1, Jefferson County (Rupert Bodden)	28	28
Exhibit 6 (Item 16)	Gamma ray high resolution density log, CLC 10-08-51, Deerlick Creek Coal Degas. Field (Rupert Bodden)	28	28
Exhibit 7 (Item 16)	Gamma ray high resolution density log, U.S. Steel Corp. 32-15-08 Oak Grove Coal Degas. Field (Rupert Bodden)	28	28
Exhibit 8 (Item 16)	Affidavit of notice (Foster C. Arnold)	27	27
Exhibit 9 (Item 16)	Affidavit of publication with attached tears (Foster C. Arnold)	27	27
Exhibit (1-2) (Item 20)	Affidavit of testimony (Rupert Bodden)	29	29

December 15, 2004

EXHIBITS

<u>EXHIBIT NO.</u> <u>(ITEM NO.)</u>	<u>TITLE</u> <u>(TESTIMONY OF)</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Exhibit 1 (Item 20)	Portion of density log, CLC 10-08-51 well, Blue Creek Coal Degas. Field (Rupert Bodden)	29	29
Exhibit 2 (Item 20)	Special Field Rules, Blue Creek Coal Degas. Field (Rupert Bodden)	29	29
Exhibit 3 (Item 20)	Affidavit of notice (Foster C. Arnold)	29	29
Exhibit 4 (Item 20)	Affidavit of publication with attached tears (Foster C. Arnold)	29	29

December 15, 2004

EXHIBITS  
(Incorporated by Reference)

<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Record from Emergency Hearing, Board Order No. E-2004-138	26	26

December 15, 2004

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

December 15, 2004

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 15<sup>th</sup> day of December, 2004.

BEFORE

Mr. Marvin Rogers..... Attorney

STAFF

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

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

Dr. David Bolin.....Assistant Supervisor

Mr. Richard Hamilton..... Engineer

Mr. Douglas Hall ..... Geologist

APPEARANCES

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NAME	REPRESENTING
1. Foster Arnold 2117 Jack Warner Parkway Tuscaloosa, AL	CDX Gas, LLC
2. John Tyra Tuscaloosa, AL	Land, Inc.
3. Foster Kennedy Aberdeen, MS	Land, Inc.
4. Tom Watson Tuscaloosa, AL	-----
5. Steve Hutchings Mobile, AL	Dominion Black Warrior Basin
6. Mark Scogin Tuscaloosa, AL	Durango
7. Ron Rovenko Hoover, AL	CDX Gas, LLC
8. Robert Anderson Hoover, AL	CDX Gas, LLC
9. Rupert Bodden 5485 Beltline Rd. Suite 190 Dallas, TX 75254	CDX Gas, LLC
10. Jim Sledge Tuscaloosa, AL	CDX Gas, LLC

1 (The hearing was convened at 10:00 a.m. on  
2 Wednesday, December 15, 2004, in Tuscaloosa, Alabama.)  
3

4  
5 MR. ROGERS: This hearing is in session.

6 DR. TEW: The Hearing Officer and the staff will hear the uncontested items on the  
7 December 15 and December 17, 2004, docket today.  
8

9  
10 AGENDA  
11 STATE OIL AND GAS BOARD OF ALABAMA  
12 DECEMBER 15 & 17, 2004  
13

14 The State Oil and Gas Board of Alabama will hold its regular monthly meeting at  
15 10:00 a.m. on Wednesday, December 15, and Friday, December 17, 2004, in the  
16 Board Room of the State Oil and Gas Board, Walter B. Jones Hall, University of  
17 Alabama Campus, 420 Hackberry Lane, Tuscaloosa, Alabama, to consider among  
18 other items, the following petition(s):  
19

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

21 Continued petition by LAND AND NATURAL RESOURCE DEVELOPMENT,  
22 INC., an Alabama corporation, requesting the Board to further address the  
23 Temporarily Abandoned Status for 134 wells, 34 wells which are operated by  
24 Land and Natural Resource Development, Inc. and 100 wells which are operated  
25 by TECO Coalbed Methane, Inc., all of which are located in the Moundville Coal  
26 Degasification Field, Tuscaloosa and Hale Counties, Alabama. The Board has  
27 addressed the status of these wells in Board Order 2002-137(1), and in said order  
28 stayed prior Order Status Nos. 2001-85 and 2001-162 to the extent that such  
29 orders required plugging and abandonment of all wells by August 31, 2002.  
30 Petitioner desires to resume operation and asks the Board to extend the  
31 temporarily abandoned status of these wells, because they have future utility.  
32 These wells are located in the following sections:  
33

34 Township 23 North, Range 3 East

35 Sections: 13, 24  
36

37 Township 23 North, Range 4 East

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

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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. 6-9-04-11

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 approving an exception to Rule 400-1-2-.02(2)(c) of the State Oil and Gas Board of Alabama Administrative Code for a 320-acre unit consisting of the Southwest Quarter of Section 20 and the Northwest Quarter of Section 29, Township 15 South, Range 15 West, Lamar County, Alabama.

Petitioner proposes to drill the Langley 20-11 No. 1 Well at a regular location on the aforementioned 320-acre unit and said Rule 400-1-2-.02(2)(c) requires units to consist of a governmental one-half section containing approximately 320 contiguous surface acres.

This petition is filed as a companion to a petition bearing Docket No. 6-9-04-12 requesting the forced pooling, with imposition of the risk compensation penalty, of the referenced 320-acre unit.

3. DOCKET NO. 6-9-04-12

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 Langley 20-11 No. 1 Well, to be drilled on a 320-acre unit consisting of the Southwest Quarter of Section 20 and the Northwest Quarter of Section 29, all in 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.

This petition is filed as a companion to a petition bearing Docket No. 6-9-04-11 requesting approval of the exceptional 320-acre unit for the referenced well.

1 4. DOCKET NO. 9-29-04-15

2 Continued petition by BLACK WARRIOR METHANE CORP., an Alabama  
3 corporation, requesting the State Oil and Gas Board to enter an order pursuant to  
4 Sections 9-17-1 through 9-17-33 and 9-17-80 through 9-17-88, *Code of Alabama*  
5 (1975) approving and establishing a partial field-wide unit, to be known as Unit  
6 VIII, consisting of the hereinafter described "Unit Area" in the Brookwood Coal  
7 Degasification Field, Tuscaloosa County, Alabama, and requiring the operating of  
8 said Unit Area as a single unit in order to avoid the drilling of unnecessary wells,  
9 increase the efficiency of operations and improve the ultimate recovery of occluded  
10 natural gas from the Unitized Formation, as hereinafter defined, and avoid waste.  
11 The "Unitized Formation" is to be designated as the Pottsville Coal Interval and is  
12 defined as the productive coal seams found between the depths of 590 feet and 2,250  
13 feet as encountered in the Shook 19-01-281 Well, Permit No. 12084-C, located in  
14 Section 19, Township 19 South, Range 7 West, Tuscaloosa County, Alabama, as  
15 indicated on the density log of said well, and all zones in communication therewith  
16 and all productive extensions thereof, including any coal seam stringer that might  
17 occur within a depth of either 80 feet above or 80 feet below the Pottsville Coal  
18 Interval, and including those coal seams which can be correlated therewith.  
19 Petitioner further seeks approval of the Unit Agreement and Unit Operating  
20 Agreement, as ratified, in accordance with Section 9-17-84, Code of Alabama  
21 (1975), and approval of the amendments to the Special Field Rules for the  
22 Brookwood Coal Degasification Field in order to conform to the provisions of the  
23 aforementioned Unit Agreement and Unit Operating Agreement.

24  
25 Petitioner further seeks entry of an order unitizing, pooling and integrating the Unit  
26 Area, as underlain by the above defined unitized formation so as to require all  
27 owners or claimants of royalty, overriding royalty, mineral, and leasehold interests  
28 within the Unit Area to unitize, pool and integrate their interests and develop their  
29 lands or interests as a unit, and designating Black Warrior Methane Corp. as  
30 operator of the Unit Area in accordance with the laws of Alabama. The proposed  
31 Unit Area, to be designated Unit VIII, containing approximately 6,960 acres,  
32 consists of the following described parcels in Tuscaloosa County, Alabama:

33  
34 Township 19 South, Range 7 West  
35 All of Sections 19, 20, 21, 29 and 30;  
36 North Half, Southeast Quarter and North Half of Southwest Quarter of Section  
37 28; and  
38 Southwest Quarter of the Southeast Quarter of Section 18

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Township 19 South, Range 8 West  
South Half of the South Half, the North Half of the Southwest Quarter  
and the Northwest Quarter of the Southeast Quarter of Section 13;  
All of Sections 23, 24, 25 and 26; and  
North Half of Section 35.

5. DOCKET NO. 9-29-04-24

Continued petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, 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 Pennsylvanian Formation in the re-entry of the Cole 17-11 #1 Well, Permit No. 11748, located on a 320-acre unit consisting of the West Half of Section 17, Township 18 South, Range 14 West, Pickens County, Alabama, in the Coal Fire Creek Field.

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

6. DOCKET NO. 11-03-04-3

Continued petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order pursuant to Sections 9-17-1 through 9-17-33 and 9-17-80 through 9-17-88, Code of Alabama (1975) approving and establishing a partial field-wide unit, to be known as Unit IX, consisting of the hereinafter described "Unit Area" in the Brookwood Coal Degasification Field, Tuscaloosa County, Alabama, and requiring the operating of said Unit Area as a single unit in order to avoid the drilling of unnecessary wells, increase the efficiency of operations and improve the ultimate recovery of occluded natural gas from the Unitized Formation, as hereinafter defined, and avoid waste. The "Unitized Formation" is to be designated as the Pottsville Coal Interval and is defined as the productive coal seams found between the depths of 312 feet and 2,017.5 feet as encountered in the Wesley West 29-11-157 Well, Permit No. 11231-C, located in Section 29, Township 19 South, Range 8 West, Tuscaloosa County, Alabama, as indicated on the density log of said well, and all zones in communication therewith and all productive extensions thereof, including any coal seam stringer that might occur within a depth of either 80 feet above or 80 feet below the Pottsville Coal Interval, and including those coal seams which can be correlated therewith. Petitioner further seeks approval of the Unit Agreement and Unit Operating Agreement, as ratified, in accordance with Section 9-17-84, Code of Alabama (1975), and approval of the amendments to the Special Field Rules for the

1 Brookwood Coal Degasification Field in order to conform to the provisions of the  
2 aforementioned Unit Agreement and Unit Operating Agreement.  
3

4 Petitioner further seeks entry of an order unitizing, pooling and integrating the Unit  
5 Area, as underlain by the above defined unitized formation so as to require all  
6 owners or claimants of royalty, overriding royalty, mineral, and leasehold interests  
7 within the Unit Area to unitize, pool and integrate their interests and develop their  
8 lands or interests as a unit, and designating Black Warrior Methane Corp. as  
9 operator of the Unit Area in accordance with the laws of Alabama. The proposed  
10 Unit Area, to be designated Unit IX, containing approximately 7,200 acres, consists  
11 of the following described parcels in Tuscaloosa County, Alabama:  
12

13 Township 19 South, Range 8 West

14 South Half of Section 15;

15 All of Sections 21, 29, 32;

16 Northwest Quarter of Section 22;

17 West Half and Northeast Quarter of Section 28; and

18 West Half and Southeast Quarter of Section 33  
19

20 Township 20 South, Range 8 West

21 All of Sections 4, 5, 8, 9, 16 and 21.  
22

23 7. DOCKET NO. 11-03-04-7

24 Continued petition by SIGNAL, LLC, a foreign limited liability company,  
25 authorized to do and doing business in the State of Alabama, requesting the State  
26 Oil and Gas Board to consider an amount of security and the form of security  
27 required for oil and gas operations in the Toxey Field, Choctaw County, Alabama,  
28 in accordance with Section 9-17-6(c)(5), Code of Alabama (1975) and Rule 400-  
29 1-2-.03 of the State Oil and Gas Board of Alabama Administrative Code.  
30

31 8. DOCKET NO. 11-03-04-9

32 Continued petition by CEDARHILL OPERATING CO., L.L.C., an Alabama  
33 limited liability company, requesting the State Oil and Gas Board to enter an  
34 order approving an exception to Rule 3(a) of the Special Field Rules for the  
35 Gilbertown Field in order to permit the drilling of a horizontal well on an 80-acre  
36 unit consisting of the South Half of the Northeast Quarter of Section 36,  
37 Township 11 North, Range 5 West, Choctaw County, Alabama. Said Rule 3(a)  
38 states, in part, that wells in said Field "shall be drilled on a drilling unit which  
39 contains approximately 40 contiguous acres," and the above described 80-acre unit  
40 would be an exception to said Rule.

1 Petitioner proposes to drill a vertical well and then drill a horizontal lateral in the  
2 Selma Chalk. When completed, said lateral will be in compliance with Rule 3(b)  
3 of the Special Field Rules for the Gilberttown Field which require that wells be  
4 drilled at least 330 feet from every exterior boundary of the drilling unit.

5  
6 This petition is filed as a companion to a petition bearing Docket No. 11-3-04-8  
7 requesting approval to force pool, without imposition of a risk compensation  
8 penalty, the above-referenced 80-acre unit in the Gilberttown Field.

9  
10 9. DOCKET NO. 12-15-04-1

11 Petition by DURANGO OPERATING LLC, a Mississippi limited liability  
12 company, authorized to do business in the State of Alabama, requesting the State  
13 Oil and Gas Board to enter an order classifying the Cedar Creek Land and Timber  
14 Co. 12-9 #1, Permit # 8685, located in Section 12, Township 1 North, Range 8  
15 East in Osaka Field, Escambia County, Alabama, as temporarily abandoned for a  
16 period of one (1) year:

17  
18 Said well is temporarily abandoned. Petitioner is requesting the Board to classify  
19 said well as temporarily abandoned for a period of one (1) year in accordance  
20 with Rule 400-1-4-.17 of the State Oil and Gas Board of Alabama Administrative  
21 Code because said well has future utility in Durango Operating, LLC's operations  
22 in Osaka Field, Escambia County, Alabama and should not be plugged.

23  
24 10. DOCKET NO. 12-15-04-2

25 Petition by DURANGO OPERATING, LLC, a Mississippi limited liability  
26 company, authorized to do business in the State of Alabama, requesting the State  
27 Oil and Gas Board to enter an order classifying certain wells in the following  
28 areas in the Foshee Field, Escambia County, Alabama, as temporarily abandoned  
29 for a period of one (1) year:

30  
31 Township 2 North, Range 8 East  
32 Sections 34 and 35  
33

34 Said wells are temporarily abandoned. Petitioner is requesting the Board to  
35 classify said wells as temporarily abandoned for a period of one (1) year in  
36 accordance with Rule 400-1-4-.17 of the State Oil and Gas Board of Alabama  
37 Administrative Code because all of the wells have future utility in Durango  
38 Operating, LLC's operations in Foshee Field, Escambia County, Alabama and  
39 should not be plugged.

1 11. DOCKET NO. 12-15-04-3

2 Petition by DURANGO OPERATING LLC, a Mississippi limited liability  
3 company, authorized to do business in the State of Alabama, requesting the State  
4 Oil and Gas Board to enter an order classifying certain wells located in Section  
5 33, Township 2 North, Range 8 East in West Foshee Field, Escambia County,  
6 Alabama, as temporarily abandoned for a period of one (1) year.

7  
8 Said wells are temporarily abandoned. Petitioner is requesting the Board to  
9 classify said wells as temporarily abandoned for a period of one (1) year in  
10 accordance with Rule 400-1-4-.17 of the State Oil and Gas Board of Alabama  
11 Administrative Code because all of the wells have future utility in Durango  
12 Operating, LLC's operations in West Foshee Field, Escambia County, Alabama  
13 and should not be plugged.

14  
15 12. DOCKET NO. 12-15-04-4

16 Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama  
17 corporation, requesting the State Oil and Gas Board to enter an order force  
18 pooling, with imposition of a risk compensation penalty, all tracts and interests in  
19 hydrocarbons produced from coalbeds in the Pottsville Formation in the Cambern  
20 35-14-1042 Well to be drilled on an 80-acre unit consisting of the East Half of the  
21 Southwest Quarter of Section 35, Township 17 South, Range 10 West, Tuscaloosa  
22 County, Alabama, in the Blue Creek Coal Degasification Field.

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

27  
28 13. DOCKET NO. 12-15-04-5

29 Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama  
30 corporation, requesting the State Oil and Gas Board to enter an order force  
31 pooling, with imposition of a risk compensation penalty, all tracts and interests in  
32 hydrocarbons produced from coalbeds in the Pottsville Formation in the Locklar 8-  
33 16-265 Well, to be drilled on an 80-acre unit consisting of the South Half of the  
34 Southeast Quarter of Section 8, Township 17 South, Range 9 West, Tuscaloosa  
35 County, Alabama, in the Blue Creek Coal Degasification Field.

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

1 14. DOCKET NO. 12-15-04-6

2 Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama  
3 corporation, requesting the State Oil and Gas Board to enter an order force  
4 pooling, without imposition of a risk compensation penalty, all tracts and interests  
5 in hydrocarbons produced from coalbeds in the Pottsville Formation in the Cobb 36-  
6 04-679 Well, to be drilled on an 80-acre unit consisting of the North Half of the  
7 Northwest Quarter of Section 36, Township 17 South, Range 10 West, Tuscaloosa  
8 County, Alabama, in the Blue Creek Coal Degasification Field.

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

13  
14 15. DOCKET NO. 12-15-04-7

15 Petition by CEDARHILL OPERATING CO., L.L.C., an Alabama limited liability  
16 company, requesting the State Oil and Gas Board to enter an order approving the  
17 exceptional location of a horizontal lateral well drilled from the bottom hole  
18 location of the Davis 35-7 #1 Well, Permit No. 13646-BH, on a 90-acre unit  
19 consisting of the Southeast Quarter of the Northwest Quarter; Southwest Quarter  
20 of Northeast Quarter; and the West Quarter of the Southeast Quarter of the  
21 Northeast Quarter of Section 35, Township 11 North, Range 5 West, Choctaw  
22 County, Alabama, in the Gilbertown Field, as an exception to Rule 3(b) of the  
23 Special Field Rules for said Field. Said Rule 3(b) requires that such wells be  
24 located at least 330 feet from every exterior boundary of the drilling unit and the  
25 referenced horizontal lateral well is only 293 feet from the South line of the unit.

26  
27 This request was previously approved by the Board in Order No. E-2004-138  
28 issued on November 19, 2004.

29  
30 16. DOCKET NO. 12-15-04-8

31 Petition by CDX GAS, L.L.C., a Texas limited liability company, authorized to do  
32 and doing business in the State of Alabama, requesting the State Oil and Gas Board  
33 to enter an order pursuant to Section 9-17-1 et seq., Code of Alabama (1975) to  
34 amend Rules 2 and 3 of the Special Field Rules for the Oak Grove Coal  
35 Degasification Field, Jefferson and Tuscaloosa Counties, Alabama to expand the  
36 area limits of the Oak Grove Coal Degasification Field to include the hereinafter  
37 described "Expansion Area," and to amend the definition of the Pottsville Coal  
38 Interval, as hereinafter described.

39  
40 The proposed Expansion Area consists of 13,760 acres, more or less, described as  
41 follows:

In Jefferson County:

Sections 15, 16, 17, 20, 21, 22, 28, 29, 30, 31, 32 of Township 19 South, Range 5 West

W/2 of Section 14, Township 19 South, Range 5 West

W/2 of Section 27, Township 19 South, Range 5 West

W/2 of Section 33, Township 19 South, Range 5 West

Sections 25, 35 and 36 of Township 19 South, Range 6 West

Sections 1, 2, 3, 10, 11 of Township 20 South, Range 6 West

E/2 of Section 4, Township 20 South, Range 6 West

In Tuscaloosa County:

E/2 of Section 9 of Township 20 South, Range 6 West.

Petitioner proposes to Amend the definition of the Pottsville Coal Interval by adding to those strata previously included in the Pottsville Coal Interval, the strata located between 466 feet and 2823 feet below ground surface of the CDX Gas U. S. Steel 32-15-8 Well, Permit No. 12658-C, located 1672 feet FEL and 1107 feet FSL of Section 32, Township 18 South, Range 5 West, Jefferson County, Alabama, as indicated on the electrical log and/or core from said wells, and all zones in communication therewith, and all productive extensions thereof.

17. DOCKET NO. 12-15-04-9

Petition by ROBINSON'S BEND OPERATING CO., LLC, a foreign 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 force pooling, with imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced from coalbeds in the Pottsville Formation in a well to be drilled on an 80-acre unit consisting of the South Half of the Northwest Quarter of Section 21, Township 22 South, Range 11 West, Tuscaloosa County, Alabama, in the Thornton Creek Coal Degasification Field.

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

18. DOCKET NO. 12-15-04-10

Petition by EL PASO PRODUCTION COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama to enter an order force pooling, with risk compensation, all tracts and interests in coalbed methane produced from a well

1 drilled to the Pottsville Formation on a unit consisting of approximately 80 acres  
2 located in the South Half of the Southwest Quarter of Section 17, Township 17  
3 South, Range 8 West, Tuscaloosa County, Alabama, in the White Oak Creek Coal  
4 Degasification Field. This petition is in accordance with Section 9-17-13,  
5 ALABAMA CODE (1975), as amended, and Rules 400-7-1 and 400-7-2 of the State  
6 Oil and Gas Board of Alabama Administrative Code.

7  
8 19. DOCKET NO. 12-15-04-11

9 Petition by GEOMET, INC., an Alabama corporation, requesting the State Oil and  
10 Gas Board to enter an order pursuant to Sections 9-17-1 through 9-17-33 and 9-17-  
11 80 through 9-17-88, Code of Alabama (1975) approving and establishing a partial  
12 field-wide unit, to be known as "Cahaba Unit A," consisting of the hereinafter  
13 described "Unit Area" in the Gurnee Coal Degasification Field, Shelby and Bibb  
14 Counties, Alabama, and requiring the operating of said Unit Area as a single unit in  
15 order to avoid the drilling of unnecessary wells, increase the efficiency of operations  
16 and improve the ultimate recovery of occluded natural gas from the Unitized  
17 Formation, as hereinafter defined, and avoid waste. The "Unitized Formation" is to  
18 be designated as the Pottsville Coal Interval underlying the Unit Area, the productive  
19 interval of which is found between the depths of 691 feet and 3,561 feet as  
20 encountered in the USS 01-08-08 Well, Permit No. 13416-C, located in the SE/4 of  
21 the NE/4 of Section 1, Township 21 South, Range 4 West, Shelby County, Alabama,  
22 as indicated on the density log of said well, and between the depths of 524 feet and  
23 1,752 feet as encountered in the RGGGS 07-06-146 Well, Permit No. 13560-C,  
24 located in the SE/4 of the NW/4 of Section 7, Township 21 South, Range 3 West,  
25 Shelby County, Alabama, as indicated on the log of said well, and all zones in  
26 communication therewith and all productive extensions thereof, including any coal  
27 seam stringer that might occur within a depth of either 80 feet above or 80 feet  
28 below the Pottsville Coal Interval, as defined in said wells, and including those coal  
29 seams which can be correlated therewith. Petitioner further seeks approval of the  
30 Unit Agreement and Unit Operating Agreement, as ratified, in accordance with  
31 Section 9-17-84, Code of Alabama (1975), and approval of the amendments to the  
32 Special Field Rules for the Gurnee Coal Degasification Field in order to conform to  
33 the provisions of the aforementioned Unit Agreement and Unit Operating  
34 Agreement.

35  
36 Petitioner further seeks entry of an order unitizing, pooling and integrating the Unit  
37 Area, as underlain by the above defined Unitized Formation so as to require all  
38 owners or claimants of royalty, overriding royalty, mineral, and leasehold interests  
39 within the Unit Area to unitize, pool and integrate their interests and develop their  
40 lands or interests as a unit, and designating GeoMet, Inc. as operator of the Unit  
41 Area in accordance with the laws of Alabama. The proposed Unit Area, to be

1 designated Cahaba Unit A, containing approximately 3,520 acres, consists of the  
2 following described parcels in Shelby County, Alabama:

3  
4 Township 20 South, Range 3 West

5 **Section 31:** S ½ of SW ¼

6  
7 Township 20 South, Range 4 West

8 **Section 36:** E ½ of SE ¼

9  
10 Township 21 South, Range 3 West

11 **Section 5:** N ½ of NW ¼

12 **Section 6:** W ½, NE ¼, N ½ of SE ¼

13 **Section 7:** W ½, N ½ of NE ¼, W ½ of SE ¼

14  
15 Township 21 South, Range 4 West

16 **Section 1:** E ½, SW ¼

17 **Section 2:** S ½ of SE ¼

18 **Section 10:** SE ¼, S ½ of SW ¼

19 **Section 11:** All

20 **Section 12:** N ½, SW ¼, E ½ of SE ¼

21 **Section 13:** N ½ of NW ¼

22 **Section 14:** NE ¼.

23  
24 20. DOCKET NO. 12-15-04-12

25 Petition by CDX GAS, L.L.C., a Texas limited liability company, authorized to do  
26 and doing business in the State of Alabama, requesting the State Oil and Gas Board  
27 to enter an order pursuant to Section 9-17-1 et seq., Code of Alabama (1975) to  
28 amend Rule 3 of the Special Field Rules for the Blue Creek Coal Degasification  
29 Field, Tuscaloosa and Fayette Counties, Alabama, to expand the definition of the  
30 Pottsville Coal Interval to include the strata between 368 feet and 3790 feet below  
31 ground surface of the CDX Gas CLC 10-08-51 Well, Permit No. 12778-C,  
32 located 621 feet FEL and 1457 feet FNL of Section 10, Township 19 South,  
33 Range 9 West, Tuscaloosa County, Alabama, and all zones in communication  
34 therewith and all productive extensions thereof.

35  
36 21. DOCKET NO. 4-30-03-7

37 Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA  
38 to consider issuing an order for Vintage Petroleum, Inc., Hunt Refining Company,  
39 and Pruet Production Company to clean up and remove the oil on the lands of  
40 Lois Ezell and the adjoining pipeline right-of-way located in Section 29,  
41 Township 11 North, Range 3 West, Choctaw County, Alabama. Vintage

1 Petroleum, Inc., operates the Ezell 29-5 Well, Permit No. 1844, on the lands of  
2 Lois Ezell, and certain oil pipelines on the pipeline right-of-way adjoining the  
3 lands of Lois Ezell. Hunt Oil Company operates an oil pipeline on the pipeline  
4 right-of-way adjoining the lands of Lois Ezell. Pruet Production Company  
5 operates a natural gas pipeline and a salt-water pipeline on the pipeline right-of-  
6 way adjoining the lands of Lois Ezell. The jurisdiction and authority of the Board  
7 is set forth in Section 9-17-1 et seq. of the Code of Alabama (1975), as amended.  
8

9 22. DOCKET NO. 12-15-04-13

10 MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend  
11 Rules 400-1-4-.03, 400-2-4-.03, and 400-3-4-.03 (Well Record); Rules 400-1-4-  
12 .04, 400-2-4-.04, and 400-3-4-.04 (Directional Surveys); and Rules 400-1-6-.06,  
13 400-2-6-.06, 400-3-6-.05 (Recompletion or Reworking) to change the filing  
14 requirements of said rules. Said rules presently require two (2) copies of all well  
15 logs, directional surveys, and drill stem tests be filed with the Board, and the  
16 proposed rule change would require that only one (1) copy of the information be  
17 filed.  
18

19 23. DOCKET NO. 12-15-04-14

20 MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend  
21 Rules 400-1-2-.05, 400-2-2-.05, and 400-3-2-.05 of the State Oil and Gas Board  
22 of Alabama Administrative Code relating to Change of Operator to change the  
23 notification and filing requirements of said rules and to clarify the current  
24 operator's responsibilities prior to the Supervisor's approval of the proposed new  
25 operator.  
26

27 24. DOCKET NO. 12-15-04-15

28 MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend  
29 Rule 400-1-4-.13 of the State Oil and Gas Board of Alabama Administrative Code  
30 relating to Blow-Out Prevention for onshore wells to specify the installation,  
31 testing and recordkeeping requirements of blow-out prevention equipment  
32 associated with drilling, completion, and workover operations.  
33

34  
35 The meetings of the State Oil and Gas Board are public meetings, and members of  
36 the public are invited to attend and present their position concerning this  
37 petition(s). Requests to continue or oppose a petition should be received by the  
38 Board at least two (2) days prior to the hearing. For additional information, you  
39 may contact the State Oil and Gas Board, P. O Box 869999, Tuscaloosa, Alabama  
40 35486-6999, Telephone Number 205/349-2852, Fax Number 205/349-2861, or by  
41 email at [petitions@ogb.state.al.us](mailto:petitions@ogb.state.al.us).

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1 MR. ROGERS: The Hearings Reporter has received and compiled the proofs of  
2 publication for the items appearing on the docket for the first time. These proofs of publication  
3 for the items on the December 15 & 17, 2004, docket are admitted into the record.

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

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

8 (Whereupon, the Order was received in evidence)

9 MR. ROGERS: I will recommend the following petitions be continued: Item 4, Docket  
10 No. 9-29-04-15, petition by Black Warrior Methane Corporation; Item 6, Docket No. 11-3-04-3,  
11 petition by Black Warrior; Item 18, Docket No. 12-15-04-10, petition by El Paso Production  
12 Company; Item 21, Docket No. 4-30-03-7, a motion by the Board; Item 22, Docket No. 12-15-  
13 04-13, motion by the Board; Item 23, Docket No. 12-15-04-14, motion by the Board, and Item  
14 24, Docket No. 12-15-04-15, a motion by the Board. I might mention that Items 22, 23 and 24  
15 are rule changes and we can make available copies of those rules for those that would like to  
16 review those draft rules. We are submitting those for comment at this time. Item 19, Docket No.  
17 12-15-04-11, is a petition by GeoMet, Inc. I recommend that that petition be continued to a  
18 Special Hearing before the Hearing Officer on Friday, January 14, 2005, at 9:00 a.m. at the  
19 Board's offices in Tuscaloosa. I will recommend the following petitions be dismissed without  
20 prejudice: Item 2, Docket No. 6-9-04-11, petition by Spooner Petroleum Company; Item 3,  
21 Docket No. 6-9-04-12, petition by Spooner, and Item 8, Docket No. 11-3-04-9, petition by  
22 Cedarhill Operating Company, LLC. The following items are set for hearing by the Board: Item  
23 1, Docket No. 8-28-02-9, petition by Land and Natural Resource Development, Inc.; Item 7,  
24 Docket No. 11-3-04-7, petition by Signal, LLC; Item 12, Docket No. 12-15-04-4, petition by  
25 Dominion Black Warrior Basin, Inc., and Item 17, Docket No. 12-15-04-9, petition by  
26 Robinson's Bend Operating Company, LLC. The first item on the docket today is Item 5,  
27 Docket No. 9-29-04-24A, petition by Land and Natural Resource Development, Inc.

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1 MR. TYRA: Mr. Rogers, I'm John Tyra here on behalf of Land and Natural Resource  
2 Development, Inc. I have one witness that needs to be sworn in, please.

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

4 MR. KENNEDY: My name is Foster Kennedy, 2298 Waverly Drive, West Point,  
5 Mississippi.

6 (Witness was sworn by Mr. Rogers)

7 MR. TYRA: Mr. Rogers, Land, Inc. proposes to re-enter and complete the Cole 17-11  
8 No. 1 well which was originally Permit No. 11748 on a 320-acre unit consisting of the West Half  
9 of Section 17, Township 18 South, Range 14 West, Pickens County, Alabama, in the Coal Fire  
10 Creek Field. Our petition is to force pool, without risk compensation, 3.22 net mineral acres or  
11 1.006 percent of the unit. I have previously filed an affidavit of notice that I would ask be made  
12 a part of the record at this time, please.

13 MR. ROGERS: That affidavit is admitted.

14 (Whereupon, the affidavit was received in evidence)

15 MR. TYRA: Mr. Kennedy, have you previously testified before this Board and are your  
16 qualifications on file with this Board?

17 MR. KENNEDY: I have and they are.

18 MR. TYRA: You have been accepted as an expert petroleum landman by this Board  
19 before?

20 MR. KENNEDY: I have.

21 MR. TYRA: I would submit Mr. Kennedy as an expert in the field of petroleum  
22 landmen.

23 MR. ROGERS: He is so recognized.

24 FOSTER KENNEDY

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

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## DIRECT EXAMINATION

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28Questions by Mr. Tyra:

Q. Are you familiar with the petition that we have filed for Land and Natural Resource Development, Inc. in this matter?

A. I am.

Q. Have you and those working for you done the land work for this matter?

A. We have.

Q. Is all of the West Half of Section 17, 18 South, 14 West, leased at this time?

A. It is not. Approximately 98.9 percent is.

Q. All right sir. We have 3.22 net mineral acres that is not. Is that correct?

A. That is correct.

Q. We sent notices to Mr. Frank Lynwood Shelton and his wife, Mildred, to Ann Margaret Smith, and to James H. Smith and his wife, Janet. Is that correct?

A. That is correct.

Q. We gave them notice of this hearing. Is that correct?

A. That is correct.

Q. Is it true through subsequent title work and curative work that you were able to determine that James H. Smith and Janet K. Smith no longer own an interest under the subject lands?

A. That is correct.

Q. That interest is owned by whom?

A. Van Wesley Ward.

Q. If you would, tell the staff your attempts to located Mr. Van Wesley Ward and what has become of those attempts.

A. Two landmen working under my supervision attempted to locate Mr. Ward and were unable to do so. We interviewed family members and searched the various Internet sites as far as trying to find a location for him and were unsuccessful. He was represented or actually an attorney out of Sulligent prepared a deed for him before he left this area.

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1 According to the attorney that I talked to, Mr. Ward had some personal issues. He was a  
2 Vietnam War vet. He left going to South Carolina and was going to live with somebody  
3 that he was in the army with. He said that he would not have a phone number and he  
4 would not have an address that he knew how to reach him. We inquired through other  
5 local people out there and they just said, you know, that he was a different person.  
6 Nobody knew where he might be and we have been unsuccessful in our efforts to find  
7 him.

8 Q. In our search in South Carolina we did find a Van Ward, did we not?

9 A. We did. We contacted that individual and it was not one-in-the-same person.

10 Q. All right. So the only listing for a Van Ward is the one we found in Darlington, South  
11 Carolina, who is not the same person that we are looking for.

12 A. That's correct.

13 Q. His attorney indicated to you that he had no way of contacting him.

14 A. He did not. He just said he was leaving, going to the Charleston, South Carolina, area  
15 and he wasn't even sure if that was accurate or not.

16 Q. All right, sir. You have made a diligent search of all the methods available to you to find  
17 Mr. Ward and have not been successful?

18 A. That's right.

19 Q. In your opinion, would the granting of this petition protect coequal and correlative rights  
20 and prevent waste?

21 A. It would.

22 MR. TYRA: I would tender the witness for any questions that the staff may have.

23 FOSTER KENNEDY

24 EXAMINATION BY BOARD/STAFF

25 Questions by Mr. Rogers:

26 Q. Which did he obtain an interest in? We've got four parties listed. Would you state that  
27 again, Mr. Kennedy, the interest of Smith. Is that it?

28 A. Yeah, James H. and Janet K. Smith.

1 Q. I assume he doesn't own the surface rights.

2 A. He does not. The Smiths own the surface at this time. There was a prior reservation  
3 through Mr. Ward's mother that he end up with the minerals.

4 MR. ROGERS: The staff has no other questions. Do you want us to admit, Mr. Tyra, the  
5 letters that had to do with risk compensation?

6 MR. TYRA: No sir, there's no need.

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

8 MR. TYRA: Thank you.

9 MR. ROGERS: The next item is Item 9, Docket No. 12-15-04-1, petition by Durango  
10 Operating, LLC. Since we have separate evidence on each one, why don't we hear each one  
11 separately?

12 MR. SCOGIN: Yes sir. My name is Mark Scogin representing Durango Operating,  
13 LLC. This is a petition requesting the State Oil and Gas Board to enter an order approving the  
14 temporarily abandoned status of a well in the Osaka Field. This is similar to a petition that was  
15 filed on this well a couple of years ago. Mr. Herlihy, the managing member of Durango  
16 Operating, has submitted an affidavit in support of the petition and I would ask that that affidavit  
17 be admitted into the record.

18 MR. ROGERS: The affidavit is admitted.

19 (Whereupon, the affidavit was received in evidence)

20 MR. SCOGIN: Durango is the only operator in the field and thus no individual notices  
21 were sent out but an affidavit of notice by publication has been previously submitted. I would  
22 ask that the petition be granted based on the affidavit of Mr. Herlihy.

23 MR. ROGERS: Any questions from the staff? The staff has no questions. We will  
24 review the evidence and make a recommendation to the Board. The next item is Item 10, Docket  
25 No. 12-15-04-2, petition by Durango Operating, LLC.

26 MR. SCOGIN: My name is Mark Scogin representing Durango Operating LLC. This is  
27 a petition requesting the Board to enter an order approving the temporarily abandoned status of  
28 certain wells in the Foshee Field in Escambia County, Alabama. Those wells are listed in the

1 petition. Mr. Herlihy, the managing member of Durango, has submitted an affidavit in support  
2 of the petition and I would ask that that affidavit be admitted into the record.

3 MR. ROGERS: The affidavit is admitted.

4 (Whereupon, the affidavit was received in evidence)

5 MR. SCOGIN: Durango is the only operator in the field and thus no individual notices  
6 have been sent out but an affidavit of notice by publication has been submitted previously. I  
7 would ask that the petition be granted based on the affidavit of Mr. Herlihy.

8 MR. ROGERS: Any questions from the staff? The staff has no questions. We will  
9 review the evidence and make a recommendation to the Board. The next item is Item 11, Docket  
10 No. 12-15-04-3, petition by Durango Operating, LLC.

11 MR. SCOGIN: My name is Mark Scogin representing Durango Operating, LLC. This is  
12 a petition requesting the Board to enter an order approving the temporarily abandoned status for  
13 certain wells in the West Foshee Field, Escambia County. Those wells are listed in the petition.  
14 Mr. Herlihy, the managing member of Durango Operating, has submitted an affidavit in support  
15 of the petition. I would ask that that affidavit be admitted into the record.

16 MR. ROGERS: The affidavit is admitted.

17 (Whereupon, the affidavit was received in evidence)

18 MR. SCOGIN: Durango is the only operator in the field and thus no individual notices  
19 have been sent out but an affidavit of notice by publication has been submitted to the Board. I  
20 would ask that the petition be granted based on the affidavit of Mr. Herlihy.

21 MR. ROGERS: Does the staff have any questions? We will review the evidence and  
22 make a recommendation to the Board.

23 MR. SCOGIN: Thank you very much.

24 MR. ROGERS: The next item then is Item 13, Docket No. 12-15-04-5A, petition by  
25 Dominion Black Warrior Basin, Inc.

26 MR. WATSON: I have one witness and would like to have him sworn in, please.

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

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

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1 (Witness was sworn by Mr. Rogers)

2 MR. WATSON: Mr. Rogers, this is an amended petition by Dominion Black Warrior  
3 Basin, Inc. to force pool, without the imposition of the risk compensation fee, tracts and interests  
4 in an 80-acre unit in the Blue Creek Coal Degasification Field. Mr. Hutchings, are you familiar  
5 with the petition that has been called and have you or members of the team that you work with  
6 examined the title in this area?

7 MR. HUTCHINGS: Yes sir.

8 MR. WATSON: Mr. Rogers, I tender Mr. Hutchings as an expert petroleum landman for  
9 giving testimony in this item.

10 MR. ROGERS: He is so recognized.

11 STEVEN M. HUTCHINGS

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

14 DIRECT EXAMINATION

15 Questions by Mr. Watson:

16 Q. In the petition you would note that we had originally requested that this matter be force  
17 pooled with risk compensation, however, subsequent to that publication of notice we  
18 were unable, after an exhaustive search, to find some owners. That is the reason for the  
19 amendment to the petition. Is that a fair and accurate statement, Mr. Hutchings?

20 A. That's correct, yes.

21 Q. I have submitted an affidavit of testimony that you prepared in support of this petition but  
22 let's tell Mr. Rogers and members of the staff about this outstanding ownership. First,  
23 how many acres do we have outstanding? Tell us about who owns that to the best of your  
24 knowledge and about your attempts to contact those people.

25 A. At the present time 16.67 percent is unleased, 13.33 net acres under the 80-acre unit. We  
26 have identified the heirs of four individuals. Part of the team is still working on it as of  
27 today. We feel like we have gotten a lead on some of it but nothing substantive at this  
28 point. This all comes out of a 1920 mineral deed to an A. Benners and in some places he

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1 is referred to as Brenners, which has caused some confusion. We have the heirs of Allen  
2 Benners, Augustus Morgan, Margaret Morgan, and Helen J. Benners. We believe,  
3 according to one of the team members, that we may have developed some information on  
4 the Morgan chain but, again, I don't have anything concrete at this point. We have had at  
5 least three landmen working on it at various times in the past reviewing various Internet  
6 sites, courthouses and things of that nature.

7 Q. Is it your testimony then to the Board that your research has been exhaustive and  
8 complete and still ongoing but that as of today you cannot identify, for purposes of giving  
9 notice, these heirs that you have identified?

10 A. Right, with any degree of certainty.

11 Q. All right sir. Does Dominion Black Warrior Basin, Inc. own a majority of the other  
12 interest in the proposed 80-acre unit?

13 A. That's correct. Dominion has the 83 percent leased.

14 Q. All right. Would the granting of this petition force pooling, without the imposition of the  
15 risk compensation fee, all tracts and interests in this 80-acre unit consisting of the South  
16 Half of the Southeast Quarter of Section 8, Township 17 South, Range 9 West,  
17 Tuscaloosa County, in the Blue Creek Coal Degasification Field, prevent "waste" and  
18 protect correlative rights?

19 A. Yes.

20 MR. WATSON: I would ask that you receive into the record of this hearing the prefiled  
21 affidavit of testimony of Mr. Hutchings.

22 MR. ROGERS: The affidavit is admitted.

23 (Whereupon, the affidavit was received in evidence)

24 MR. WATSON: I submit my witness for any questions you have.

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STEVEN M. HUTCHINGS

EXAMINATION BY BOARD/STAFF

Questions by Mr. Rogers:

Q. Just to re-state those facts, you show that the mineral estate was owned by Allen Benners or what was the other name, the other spelling?

A. Brenners.

Q. That was around 1920?

A. It was a 1920 mineral deed. Nothing out of Benners or Brenners. The limited research that I have done into this tract as far as tracking them down, on one Internet site there was a reference to an Augustus Brenner in Mobile County. I found some deeds in the 1850's, 1857 I think it was, with Augustus Brenner. It just kind of dropped at that point. I don't believe that was our same guy in the 1920 deed.

Q. These other people, do they appear to be children of Mr. Brenner?

A. From information that has been developed it appears that they are brothers and sisters. Again, I wish I could be more specific.

Q. Well you presented evidence that you made a diligent effort to determine these owners.

MR. ROGERS: What about this piece of paper? Do you want to admit this statement of the interest that they each have?

MR. WATSON: You can.

MR. ROGERS: Then this is admitted.

(Whereupon, the exhibit was received in evidence)

MR. HUTCHINGS: Again, that's to be best of what we know at this point.

MR. ROGERS: It's got your name on it, Steve. Maybe it ought to be signed, Mr. Watson, if we are going to admit that.

MR. WATSON: We'll sign this one and I'll swap with you.

MR. ROGERS: Anything else, Mr. Watson?

MR. WATSON: That's all.

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1 MR. ROGERS: The staff will review the evidence and make a recommendation to the  
2 Board. The next item then is Item 14, Docket No. 12-15-04-6, petition by Dominion Black  
3 Warrior Basin, Inc.

4 MR. WATSON: I'll remind my witness that he is still under oath. This is a petition to  
5 force pool, without the imposition of the risk compensation fee, all tracts and interests in an 80-  
6 acre unit consisting of the North Half of the Northwest Quarter of Section 36, Township 17  
7 South, Range 10 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification  
8 Field.

9 STEVEN M. HUTCHINGS

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

12 DIRECT EXMINAITON

13 Questions by Mr. Watson:

14 Q. Mr. Hutchings, are you familiar with the ownership in this 80-acre tract?

15 A. Yes sir.

16 Q. Would you tell the Board about the ownership there and your attempts to locate these  
17 interest owners?

18 A. At this point Dominion controls 92.14 percent or 73.7 acres. Unleased it's 7.86 percent  
19 or 6.289 is unleased at this time. The heirs are of a Joel Monroe Utley who died in 1941.  
20 We have identified some 45 heirs at this point. We have had three landmen working on it  
21 at various points over the last year and a half. Right now we believe we have got some  
22 leads on David Abernathy, Gordon Rush, Mary Hilderbradt or Hilderbrant and Donna  
23 Hendrix. The one that has really confused us and we have no idea at this point is Florene  
24 Frost who was married several times. Some of her relatives said the last they knew she  
25 had moved to California and from there we have gotten a dead end. We do have one  
26 landman still working to see if we can develop any further information at this point.

27 Q. You have leased most of the heirs of Mr. Utley?

28 A. That's correct.

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1 Q. These are the ones that you couldn't find.

2 A. These are the ones, yes. For example, David Abernathy, we had some names from  
3 talking with other family members. We are in the process of getting some affidavits of  
4 death and heirship trying to get more information there and track those individuals down.

5 MR. ROGERS: I'm going to leave it, this item as well as the other one, that if you find  
6 additional information you can just put it in writing to the Board. We don't want to hold up  
7 going ahead with the petition.

8 MR. WATSON: We appreciate that because these two items that you have just heard  
9 today, or will have at the conclusion of this one, are in our drilling program for this year. We  
10 have a drilling rig that is coming on and we are going to lose it next week. We will stress to  
11 Tom Sexton the importance of getting these out. Mr. Rogers, we will communicate to you the  
12 success or lack thereof from our team that is working on this subsequent to the hearing.

13 MR. ROGERS: Let's do it that way. We certainly don't want to hold up drilling. It's  
14 clear that the operator has made a diligent effort to find these people. It would probably be good  
15 if you find them. Why don't we just leave it that way, Mr. Watson, if you find them. You don't  
16 need to let us know if you didn't.

17 MR. WATSON: All right.

18 MR. ROGERS: If you find additional information at least it would be here in case some  
19 of these heirs came to the Oil and Gas Board.

20 MR. WATSON: We'll do that. I would ask that you receive into the record the prefilled  
21 affidavit of Mr. Hutchings in this matter.

22 MR. ROGERES: The affidavit is admitted.

23 (Whereupon, the affidavit was received into evidence)

24 MR. ROGERS: We will also admit this exhibit stating the interest of these parties. If  
25 you will sign that, we'll admit that.

26 MR. WATSON: Yes, sir, that will be fine.

27 (Whereupon, the exhibit was received in evidence)

28 MR. ROGERS: Anything else, Mr. Watson?

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1 MR. WATSON: That's all.

2 MR. ROGERS: We will review the evidence and make a recommendation to the Board.  
3 The next item then is Item 15, Docket No. 12-15-04-7A, petition by Cedarhill Operating  
4 Company, LLC.

5 MR. WATSON: This is a petition by Cedarhill Operating Company requesting the Board  
6 to approve an exception to Rule 3(b) of the Special Field Rules for the Gilberttown Field in  
7 Choctaw County, Alabama, for the directionally drilled Davis 35-7 No. 1 well that was drilled on  
8 a 90-acre unit. We are asking the Board to approve an exception no closer than 290 feet from the  
9 southern boundary of this unit. This request was previously approved by Board Order E-2004-  
10 138 on November 19, 2004. I have handed up an affidavit of testimony with exhibits in support  
11 of this petition by Robert Land who is a qualified petroleum geologist before this Board. I would  
12 ask that you receive that affidavit of testimony into the record of this hearing.

13 MR. ROGERS: The affidavit is admitted.

14 (Whereupon, the affidavit was received in evidence)

15 MR. WATSON: I would report to you, Mr. Rogers, that my last report from Cedarhill  
16 relative to this well was that they continue to swab the well to try to bring it in. They have  
17 completed the drilling. The mud used in the drilling apparently has, as it does many times,  
18 plugged up the floor space and made it difficult to bring this well on but they are still working on  
19 the well. That's all I have. I would ask that you make a recommendation to the Board approving  
20 this petition.

21 MR. ROGERS: We will incorporate the record from the emergency hearing.

22 (Whereupon, the record from the emergency  
23 hearing resulting on Order No. E-2004-138  
24 was incorporated by reference)

25 MR. WATSON: Yes please.

26 MR. ROGERS: This affidavit of notice is admitted.

27 (Whereupon, the affidavit was received in evidence)

December 15, 2004

1 MR. ROGERS: Any questions from the staff? We will review the evidence and make a  
2 recommendation to the Board. The next matter then is Item 16, Docket No. 12-15-04-8A,  
3 petition by CDX Gas, LLC.

4 MR. SLEDGE: Mr. Rogers, I'm Jim Sledge representing CDX Gas, LLC. I have with  
5 me Rupert Bodden who is available in the event the staff wants to ask any questions. I plan to  
6 use his affidavit but we'll swear him in if that's needed. In this petition we are seeking two rule  
7 changes for the Oak Grove Coal Degasification Field. First would be to expand the field limits  
8 into an expansion area where CDX owns drilling rights and plans to drill wells within the near  
9 future. We also seek to expand the defined interval for the Pottsville Coal Interval so as to  
10 include what's known as the Upper Boyles and Lower Boyles coal groups, sometimes known as  
11 the "J" Group and the "K" Group. I would offer Mr. Bodden's affidavit of testimony which  
12 addresses both of those items. Mr. Bodden is a professional geologist. He has previously  
13 testified before the Board and his qualifications have been accepted. I would also offer two  
14 affidavits of notice by Foster Arnold, one concerning the notice that we gave by mail and the  
15 other confirming the newspaper notices which I believe you have earlier admitted during this  
16 meeting.

17 MR. ROGERS: The two affidavits of Ms. Arnold are admitted and the affidavit of  
18 Rupert Bodden is admitted.

19 (Whereupon, the affidavits were received in evidence)

20 MR. SLEDGE: In this matter if you have any questions for Dr. Bodden we will be glad  
21 to hear them.

22 MR. ROGERS: We will also admit the log that you submitted. Is it signed?

23 MR. SLEDGE: We can have it signed if you would like to. That is a corehole so it was  
24 not drilled as a degas well.

25 MR. ROGERS: I guess we ought to have it signed then. Maybe he ought to testify, Jim.  
26 Will you state your name and address, sir?

27 MR. BODDEN: My name is Rupert Bodden, Richardson, Texas.

28 (Witness was sworn by Mr. Rogers)

December 15, 2004

1 MR. ROGERS: If he could just sign them both, Mr. Sledge, and testify to both of them.

2 RUPERT BODDEN

3 Appearing as a witness on behalf of Petitioner, CDX Gas, LLC, testified as follows:

4 DIRECT EXAMINATION

5 Questions by Mr. Sledge:

6 Q. Mr. Rogers, since I only have one copy of these I'm going to keep them here and we'll  
7 describe for the record what we are doing and then I'll hand them up. Mr. Bodden, I am  
8 going to ask you to look at what I've marked as Item 5 at the bottom. It's the gamma ray  
9 high resolution density caliper log for the Blue Creek Basin No. 1 corehole. Is that  
10 correct?

11 A. That is correct.

12 Q. This log has not previously been filed with the Board because this was a corehole that  
13 was drilled by CDX Gas. Is that right?

14 A. That is true.

15 Q. Can you describe the item that I have marked with the No. 6?

16 A. Number 6 is the gamma ray high resolution density log for the CLC 10-08-51 well in  
17 Deerlick Creek Field.

18 Q. That one is already on file with the Board. Is that correct?

19 A. That is correct.

20 Q. The one that I have marked with the No. 7 at the bottom?

21 A. That is the gamma ray high resolution density log for the U.S. Steel 32-15-8 well in the  
22 Oak Grove Field.

23 Q. That log has already been prefiled or filed with the Board in the ordinary administrative  
24 sequence.

25 A. Yes it should have been.

26 MR. ROGERS: All right. These logs are admitted as Exhibits 5, 6 and 7.

27 (Whereupon, the logs were received in evidence)

December 15, 2004

1 MR. ROGERS: Any questions from the staff? We will review the evidence and make a  
2 recommendation to the Board. The last item then is Item 20, Docket No. 12-15-04-12A, petition  
3 by CDX Gas, LLC.

4 MR. SLEDGE: Mr. Rogers, again I'm Jim Sledge to represent the petitioner in this  
5 matter which relates to the Blue Creek Coal Degasification Field. Our purpose here is to expand  
6 the defined interval for the Pottsville Coal Interval so as to include the Upper Boyles and the  
7 Lower Boyles coals, also known as the "J" and "K" groups. We would offer into testimony the  
8 affidavit of Mr. Bodden along with the two affidavits by Ms. Arnold, one concerning mail notice  
9 and the other concerning notice in the Tuscaloosa News. We also filed with you and I believe  
10 you have incorporated earlier the publication notice for the Fayette Times Record.

11 MR. ROGERS: The affidavit of Mr. Bodden is admitted. The affidavits of Ms. Arnold  
12 are also admitted.

13 (Whereupon, the affidavits were received in evidence)

14 MR. ROGERS: Any questions from the staff? Anything else, Mr. Sledge?

15 MR. SLEDGE: No sir.

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

17 MR. SLEDGE: Thank you.

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

19 (Whereupon, the hearing was adjourned at 10:27 a.m.)

December 15, 2004

REPORTER'S CERTIFICATE

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STATE OF ALABAMA

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COUNTY OF TUSCALOOSA

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I, Rickey Estes, Hearing Reporter in and for the State of Alabama, do hereby certify that  
on Wednesday, December 15, 2004, 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 29 typewritten pages contain a true and accurate verbatim  
transcription of said proceedings to the best of my ability, skill, knowledge, and belief.

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

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Rickey Estes  
Hearing Reporter