

BEFORE THE STATE OIL & GAS BOARD OF ALABAMA

PURSUANT TO A DECISION RENDERED FOLLOWING
A REGULAR SESSION OF THE STATE OIL AND GAS
BOARD OF ALABAMA ON MARCH 11, 2005, THE
FOLLOWING ORDER IS HEREBY PROMULGATED:

IN RE: ORDER NO. 2005-24

DOCKET NO. 3-9-05-11

This cause came on for hearing before the State Oil and Gas Board of Alabama (hereinafter referred to as the "Board") on the Petition of CDX GAS, LLC, (hereinafter referred to as "CDX"), a Texas limited liability company, authorized to do and doing business in the State of Alabama, requesting the Board, pursuant to Section 9-17-1, *et seq.*, CODE OF ALABAMA (1975), Rule 400-7-1-.01 of the *State Oil and Gas Board of Alabama Administrative Code* and Rule 4 of the Special Field Rules for the Oak Grove Coal Degasification Field, to enter an order reforming the unit for the RGGGS 30-12-46 Well, Permit No. 13731-C (hereinafter the "Well"), from a 40-acre unit consisting of the Northwest Quarter of the Southwest Quarter of Section 30, Township 19 South, Range 5 West, Jefferson County, Alabama (hereinafter the "Original Unit"), to an 80-acre unit consisting of the West Half of the Southwest Quarter of said Section 30 (the "Revised Unit"), all in the Oak Grove Coal Degasification Field. The Board finds that due and proper notice of the hearing of said cause has been given in the manner and form and for the time required by law and the rules and regulations of this Board, and that the Board has full jurisdiction of this cause, and the Board being fully advised in the premises finds:

FINDINGS OF FACT

I.

That CDX is the Operator of the Well, which is located on the Original Unit. The Well was permitted on November 3, 2004, drilled on November 11, 2004, and is a productive coalbed methane well.

II.

That CDX has filed a petition to reform the unit for the Well from the Original Unit to the Revised Unit.

III.

That CDX presented evidence that the mineral and working interest ownership in the Original Unit and in the Revised Unit are common and that RGGGS Land & Minerals Ltd., LP, the mineral owner had consented to the reformation at the time of hearing of this matter.

IV.

That CDX presented evidence indicating that granting this Petition will promote the full development of the Oak Grove Coal Degasification Field.

V.

That CDX offered testimony that the granting of this Petition will avoid the drilling of an unnecessary well, promote orderly development, avoid waste, and protect correlative rights of the owner in the Original and Revised Unit.

VI.

That CDX offered testimony that the Well will efficiently and economically recover the recoverable hydrocarbons within the Revised Unit.

VII.

That CDX avers that in a unit reformation, accounting procedures can be expedited by providing the date of the unit reformation to be effective on the first day of the calendar month because production measurement and accounting procedures are compiled on a monthly basis.

CONCLUSIONS OF LAW

VIII.

That Rule 4 of the Special Field Rules for the Oak Grove Coal Degasification Field allows the reformation of the unit as proposed by CDX.

IX.

That the reformation of the unit from the Original Unit to the Revised Unit will prevent the drilling of an unnecessary well, prevent waste, protect correlative rights of the mineral interest owner, and promote conservation of coalbed methane resources.

X.

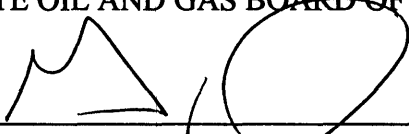
That the unit for the Well should be reformed from the Original Unit to the Revised Unit.

Based on the Findings of Fact and the Conclusions of Law set forth, hereinabove, IT IS THEREOFRE, HEREBY ORDERED, ADJUDGED, AND DECREED by the State Oil and Gas Board that the Petition by CDX Gas, LLC is GRANTED, and that the unit for the RGGGS 30-12-46 Well, Permit 13731-C is reformed to the Revised Unit, namely the West Half of the Southwest Quarter of Section 30, Township 19 South, Range 5 West, Jefferson County, Alabama in the Oak Grove Coal Degasification Field.

ORDERED this the 11th day of March, 2005.

STATE OIL AND GAS BOARD OF ALABAMA

BY:


Gaines C. McCorquodale, Chairman

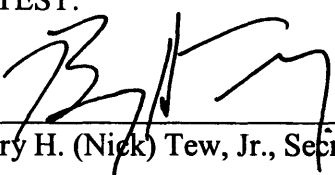
BY:


M. Stephen Dampier, Member

BY:


Rebecca Wright Pritchett, Member

ATTEST:


Berry H. (Nick) Tew, Jr., Secretary