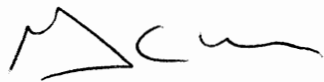


December 14, 2007

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1. Cory Ezell	29-31	---	---
2. Ty Adams	34-37	---	38
3. Ben Byerly	42-47 51-57 59-63	--- --- ---	50-51 --- 64
4. Tommy Collins	47-49	---	50


2-8-08

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EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Board Exhibit	Hearing Officer Report	27	27
Exhibit A (Item 9)	Affidavit of personal notice Conrad P. Armbricht)	27	28
Exhibit 1 (Item 9)	Top Smackover structure map, Little Cedar Creek Field (Cory Ezell)	31	31
Exhibit 2 (Item 9)	Neutron density log, Craft-Cedar 5-5 No. 1, Sec. 5, T4N, R13E, Conecuh County, AL Little Cedar Creek Field (Cory Ezell)	31	31
Exhibit 3 (Item 9)	Neutron density log, Craft-Ralls 5-14 No. 1, Sec. 5, T4N, R13E, Conecuh County, AL Little Cedar Creek Field (Cory Ezell)	31	31
Exhibit 4 (Item 9)	Neutron density log, Craft-Brye 8-4 No. 1, Sec. 8, T4N, R13E, Conecuh County, AL Little Cedar Creek Field (Cory Ezell)	31	31
Exhibit 5 (Item 9)	Cross section A-A', Little Cedar Creek Field (Cory Ezell)	31	31

December 14, 2007

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 6 (Item 9)	Forms OBG-9, Craft-Cedar 5-5 No. 1, Craft-Brye 8-4 No. 1, Craft-Ralls 5-14 No. 1, Little Cedar Creek Field (Cory Ezell)	31	31
Exhibit 1 (Item 44)	Affidavit of personal notice (Conrad P. Armbrecht)	33	33
Exhibit 1 (Item 45)	Affidavit of personal notice (Conrad P. Armbrecht)	33	33
Exhibit 1 (Item 46)	Affidavit of personal notice (Conrad P. Armbrecht)	33	33
Exhibit 1 (Item 34)	12/14/07 letter to Board (William T. Watson)	38	38
Exhibit 2 (Item 34)	Amended affidavit of testimony (Richard L Rusch)	39	39
Exhibit A (Item 38)	Affidavit of notice (William T. Watson)	40	40
Exhibit A (Item 39)	Affidavit of notice (William T. Watson)	40	40
Exhibit 1 (Items 38 & 39)	Form OGB-1, Poole 1-5 No. 1, Sec. 1, T23N, R3E, Greene County (Ben Byerly)	49	50

December 14, 2007

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 2 (Items 38 & 39)	Well location plat, Poole 1-5 No. 1, Sec. 1, T23N, R3E, Greene County (Ben Byerly)	49	50
Exhibit 3 (Items 38 & 39)	Topographic map showing horizontal well path, Poole 1-5 No. 1, Sec. 1, T23N, R3E, Greene County (Ben Byerly)	49	50
Exhibit 4 (Items 38 & 39)	11/20/07 letter to Board (Terry Valentine)	49	50
Exhibit 5 (Items 38 & 39)	Proposed wells location map, Appalachian Fold and Fault Region (Ben Byerly)	50	51
Exhibit A (Item 40)	Affidavit of notice (William T. Watson)	53	53
Exhibit 1 (Item 40)	Map of geologic setting, Big Canoe Creek Field area (Ben Byerly)	57	57
Exhibit 2 (Item 40)	Local geologic setting, Bibb County, Alabama (Ben Byerly)	57	57
Exhibit 3 (Item 40)	Vertical composite plot of wellbore tracts and projection to required total depth, St. Clair County, Alabama. (Ben Byerly)	57	57

December 14, 2007

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 4 (Item 40)	Well location plat, Krout 10-14 No. 1, Sec. 10, T22N, R9E, Bibb County, Alabama (Ben Byerly)	57	57
Exhibit A (Item 42)	Affidavit of notice (William T. Watson)	58	58
Exhibit A (Item 43)	Affidavit of notice (William T. Watson)	58	58
Exhibit 1 (Items 42 & 43)	Geologic setting, Big Canoe Creek Field area (Ben Byerly)	63	63
Exhibit 2 (Items 42 & 43)	Local geologic setting, Bibb County, AL (Ben Byerly)	63	63
Exhibit 3 (Items 42 & 43)	Vertical composite plot of wellbore tracts and projection to required total depth, St. Clair County, Alabama. (Ben Byerly)	63	63
Exhibit 4 (Items 42 & 43)	Well location plat, Marchant 22-16 No. 1, Sec. 22, T22S, R7W, Bibb County, AL (Ben Byerly)	63	63

December 14, 2007

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 5 (Items 42 & 43)	Permit plat and topography map, Marchant 22-16 No. 1, Sec. 22, T22S, R7W, Bibb County, AL (Ben Byerly)	63	63
Exhibit 6 (Items 42 & 43)	Topographic relief map, Marchant 22-16 No. 1, Sec. 22, T22S, R7W, Bibb County, AL (Ben Byerly)	63	63
Exhibit 7 (Items 42 & 43)	Photographs of legal location, Marchant 22-16 No. 1, Sec. 22, T22S, R7W, Bibb County, AL (Ben Byerly)	63	63

December 14, 2007

EXHIBITS

<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>RECEIVED</u>
Affidavit of publication admitted at December 12, 2007, meeting	28	28
Permit applications, forms and materials related to wells in Docket No. 11-7-07-12	28	28
Permit applications and materials relating to wells in Items 44, 45 and 46	33	33
Pleadings, transcript, orders and matters relating to Docket No. 10-3-07-11	33	33
Testimony from Exhibit No. 1 relating to the Krout 10-14 No. 1 Well, Docket No. 12-12-07-31	60	60
Testimony from Exhibit No. 3 relating to the Krout 10-14 No. 1 Well, Docket No. 12-12-07-31	61	61

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

December 14, 2007

Testimony and proceedings before the State Oil and Gas Board in Regular Session in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, pursuant to adjournment, on this the 14th day of December, 2007.

BOARD

Mr. M. Stephen Dampier Member

Mrs. Rebecca Wright Pritchett..... Member

STAFF

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

Mr. Marvin Rogers..... Attorney

Dr. David E. Bolin Deputy Director

Mr. Jay H. Masingill Assistant Supervisor

Mr. Richard Raymond..... Assistant Supervisor

Mr. Kirk McQuillan Geologist

Mr. Douglas Hall..... Geologist

Mr. Tom Sexton Geologist

APPEARANCES

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NAME	REPRESENTING
1. Holly Stewart 1111 Bagby St., Suite 5100 Houston, TX 77002	Tudor, Pickering, Holt & Co.
2. Bill Kirk Tuscaloosa, AL	HighMount E&PLCC
3. Cory Ezelle 401 Edwards Street Suite 1601 Shreveport, LA 71101	Sklar Exploration Co., LLC
4. Ty Adams 401 Edwards Street Suite 1601 Shreveport, LA 71101	Sklar Exploration Co., LLC
5. Joey Stephenson Birmingham, AL	GeoMet
6. C.P. Armbricht Mobile, AL	Sklar Exploration Co., LLC
7. Bill Dement Tuscaloosa, AL	Self
8. John Pitts Chelsea, AL	Energen Resources Corp.
9. Gayden Parker Crawford, MS	Individual
10. Paul Rote Birmingham, AL	Energen Resources Corp.

December 14, 2007

APPEARANCES

1		
2		
3	NAME	REPRESENTING
4		
5	11. Tom Collins	Meagher
6	Mississippi	
7		
8	12. Ken Pugh	Meagher
9	Jackson, MS	
10		
11	13. Tom Fouts	---
12	Birmingham, AL	
13		
14	14. Ron Tisdale	Energen Resources Corp.
15	Birmingham, AL	
16		
17	15. R.A. Snyder	CHK
18	Charleston, WV	
19		
20	16. Randall _____	CHK
21	Charleston, WV	
22		
23	17. Mike John	CHK
24	Charleston, WV	
25		
26	18. Lester _____	CHK
27	Charleston, WV	
28		
29	19. Talmadge Hager	CHK
30	Charleston, WV	
31		
32	20. Tom Watson	----
33	Tuscaloosa, AL	
34		
35	21. Bill Wilkens	Self
36	P.O. Box 567	
37	Alabaster, AL	
38		
39	22. Doug Tucker	---
40	Tuscaloosa, AL	

(The hearing was convened at 10:00 a.m. on
Friday, December 14, 2007, at Tuscaloosa, Alabama.)

(Chairman McCorquodale was absent.)

MR. DAMPIER: Let the record reflect that the State Oil and Gas Board is now in
session.

DR. TEW: Members of the Board, the staff has prepared a docket for today's hearing.

AGENDA
STATE OIL AND GAS BOARD OF ALABAMA
BOARD MEETING
DECEMBER 12 & 14, 2007

The State Oil and Gas Board of Alabama will hold its regular meeting at 10:00
a.m. on Wednesday, December 12 and Friday, December 14, 2007, 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 the
following item(s):

1. DOCKET NO. 2-28-07-32

Continued petition by NATURAL GAS & OIL, 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
formations of Mississippian and Pennsylvanian Age, from a well to be drilled on a
320-acre drilling unit consisting of the South Half of Section 14, Township 16
South, Range 15 West, Lamar County, Alabama, as a productive extension of
the Mt. Zion 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.

2. DOCKET NO. 6-25-07-5A

Amended petition by BLACK WARRIOR METHANE CORPORATION, an
Alabama corporation, requesting the State Oil and Gas Board, pursuant to Rule
400-3-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code, to
enter an order approving the temporarily abandoned status for certain wells in the

1 Brookwood Coal Degasification Field, Tuscaloosa and Jefferson Counties,
2 Alabama, in the following areas, for a period of one (1) year:

3
4 Township 19 South, Range 7 West, Tuscaloosa County
5 Sections 20, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 and 36
6

7 Township 19 South, Range 8 West, Tuscaloosa County
8 Sections 15, 21, 23, 25, 26, 27, 28, 32, 33, 34, 35, and 36
9

10 Township 20 South, Range 6 West, Tuscaloosa County
11 Sections 6 and 7
12

13 Township 20 South, Range 7 West, Tuscaloosa County
14 Sections 1, 3, 4, 7, 9, 10, 11, 12, 13, 15, 16, 17, 18, 19, 21,
15 22, 23, 26, 27, 28, 29 and 33
16

17 Township 20 South, Range 8 West, Tuscaloosa County
18 Sections 1, 2, 3, 4, 5, 10, 12, 13, 14, 15, 16, 23, 24 and 25
19

20 Petitioner requests that the Board grant approval of the temporarily abandoned
21 status of the wells in the aforementioned Sections for one year because said wells
22 have future utility and should not be plugged.
23

24 3. DOCKET NO. 6-25-07-13

25 Continued petition by EL PASO E & P COMPANY, L.P., a Delaware limited
26 partnership, authorized to do and doing business in the State of Alabama,
27 requesting the State Oil & Gas Board of Alabama to enter an order force
28 pooling, with risk compensation all tracts and interests in a 40 acre drilling unit
29 for the proposed Calmes 02-05-554 Well, having a unit consisting of all of the
30 Southwest Quarter of the Northwest Quarter, Section 2, Township 17 South,
31 Range 8 West, Walker County, Alabama, in the White Oak Creek Coal
32 Degasification Field. This petition is in accordance with Section 9-17-13,
33 ALABAMA CODE (1975), as amended, and Rules 400-7-1 and 400-7-2 of the
34 State Oil and Gas Board of Alabama Administrative Code. Petitioner requests
35 that due and proper notice of the hearing on this matter be given in the manner
36 and form and for the time required by law and the rules and regulations of this
37 Board.
38

39 4. DOCKET NO. 8-2-07-6

40 Continued petition by LOWER 15 OIL CORPORATION, an Alabama
41 corporation, requesting the State Oil and Gas Board to enter an order force

1 pooling, without the imposition of a risk compensation penalty, all tracts and
2 interests in hydrocarbons produced from the re-entry of the Mattie Clark #1
3 Well, Permit No. 1280, located on a 40-acre unit consisting of the Northwest
4 Quarter of the Southeast Quarter of Section 1, Township 10 North, Range 3
5 West, Choctaw County, Alabama, in the Gilbertown Oil 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 The public is further advised that, pursuant to this hearing the applicable
12 provision of the Code of Alabama (1975), and the State Oil and Gas Board of
13 Alabama Administrative Code, the Board will enter such Order or Orders as in
14 its judgment may be necessary in accordance with the evidence submitted and
15 accepted.

16
17 5. DOCKET NO. 9-5-07-5

18 Continued petition by SUNDOWN ENERGY, L.P., a foreign limited partnership
19 authorized to do and doing business in the State of Alabama, requesting the State
20 Oil and Gas Board to enter an order approving the reformation of a 40-acre
21 wildcat drilling unit for the Weyerhaeuser 36-12 No. 1 Well, Permit No. 15312,
22 consisting of the Northwest Quarter of the Southwest Quarter of Section 36,
23 Township 16 South, Range 16 West, Lamar County, Alabama, to a 320-acre
24 production unit in the McGee Lake Field consisting of the South Half of Section
25 36, Township 16 South, Range 16 West, Lamar County, Alabama.

26
27 This petition is filed as a companion to a petition bearing Docket No. 9-5-07-06
28 requesting approval of an exceptional location for the referenced well.

29
30 6. DOCKET NO. 9-5-07-6

31 Continued petition by SUNDOWN ENERGY, L.P., a foreign limited partnership
32 authorized to do and doing business in the State of Alabama, requesting the State
33 Oil and Gas Board to enter an order approving an exceptional location for the
34 Weyerhaeuser 36-12 No. 1 Well, Permit No. 15312, on a proposed reformed 320-
35 acre production unit consisting of the South Half of Section 36, Township 16
36 South, Range 16 West, Lamar County, Alabama, in the McGee Lake Field, as an
37 exception to Rule 3(b) of the Special Field Rules for said Field which requires
38 that wells be located at least 660 feet from every exterior boundary of the
39 drilling unit. The location of the referenced well on said proposed reformed
40 320-acre unit is 910 feet from the North line and 330 feet from the West line of
41 said 320-acre unit and, as such, will be an exception to said Rule 3(b).

1 This petition is filed as a companion to a petition bearing Docket No. 9-5-07-05
2 requesting approval of the reformation of a 40-acre wildcat drilling unit for the
3 referenced well to a 320-acre production unit in the McGee Lake Field.
4

5 7. DOCKET NO. 11-7-07-10

6 Continued petition by BLACK WARRIOR METHANE CORP., an Alabama
7 corporation, requesting the State Oil and Gas Board to enter an order approving
8 an exceptional location for the proposed JWR 31-05-502 well as an exception to
9 Rule 4B of the Special Field Rules for the Brookwood Coal Degasification
10 Field. Petitioner proposes to drill said well on a 40-acre unit consisting of the
11 Southwest Quarter of the Northwest Quarter of Section 31, Township 20 South,
12 Range 7 West, Tuscaloosa County, Alabama, at a location 14 feet from the North
13 line and 41 feet from the East line of said 40-acre unit. Rule 4B of the Special
14 Field Rules requires that wells drilled in said Field be at least 150 feet from
15 every exterior boundary of the unit, and the proposed location for the referenced
16 well, being 14 feet from the northern boundary and 41 feet from the eastern
17 boundary of the proposed unit, will be an exception to said Rule 4B.
18

19 8. DOCKET NO. 11-7-07-11

20 Continued petition by BLACK WARRIOR METHANE CORP., an Alabama
21 corporation, requesting the State Oil and Gas Board to enter an order reforming
22 the unit for the JWR 31-04-310 Well, Permit No. 12254-C, from an 80-acre unit
23 consisting of the West Half of the Northwest Quarter of Section 31, Township
24 20 South, Range 7 West, Tuscaloosa County, Alabama, in the Brookwood Coal
25 Degasification Field to a 40-acre unit consisting of the Northwest Quarter of the
26 Northwest Quarter of said Section 31.
27

28 Although Petitioner requests the Board to eliminate certain lands from the
29 present spacing unit, Petitioner proposes to drill another coalbed methane well in
30 the lands proposed to be eliminated.
31

32 9. DOCKET NO. 11-7-07-12

33 Continued petition by SKLAR EXPLORATION COMPANY, LLC, a Louisiana
34 limited liability company authorized to do and doing business in the State of
35 Alabama, requesting the State Oil and Gas Board of Alabama to enter an order
36 amending Rule 1 of the Special Field Rules for the Little Cedar Creek Field to
37 add the following described parcels to the field limits of said field: the
38 Northwest Quarter and the Southwest Quarter of Section 5 and the Northwest
39 Quarter of Section 8, Township 4 North, Range 13 East, Conecuh County,
40 Alabama. This petition is filed pursuant to Ala. Code Sections 9-17-1, *et seq.*

1 and Rules 400-1, *et seq.* of the State Oil and Gas Board of Alabama
2 Administrative Code.
3

4 10. DOCKET NO. 12-12-07-1

5 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
6 corporation, requesting the State Oil and Gas Board to enter an order reforming
7 the unit for the GSPC-Taurus-89-21-08-14-10 #1110 Well, Permit No. 6908-C,
8 from an 80-acre unit consisting of the West Half of the Southeast Quarter of
9 Section 14, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in
10 the Cedar Cove Coal Degasification Field to a 40-acre unit consisting of the
11 Northwest Quarter of the Southeast Quarter of said Section 14.
12

13 Although Petitioner requests the Board to eliminate certain lands from the
14 present spacing unit, Petitioner proposes to drill another coalbed methane well in
15 the lands proposed to be eliminated.
16

17 11. DOCKET NO. 12-12-07-2

18 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
19 corporation, requesting the State Oil and Gas Board to enter an order reforming
20 the unit for the GSPC-Taurus-89-21-08-23-02 #1119 Well, Permit No. 6949-C,
21 from an 80-acre unit consisting of the West Half of the Northeast Quarter of
22 Section 23, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in
23 the Cedar Cove Coal Degasification Field to a 40-acre unit consisting of the
24 Northwest Quarter of the Northeast Quarter of said Section 23.
25

26 Although Petitioner requests the Board to eliminate certain lands from the
27 present spacing unit, Petitioner proposes to drill another coalbed methane well in
28 the lands proposed to be eliminated.
29

30 12. DOCKET NO. 12-12-07-3

31 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
32 corporation, requesting the State Oil and Gas Board to enter an order reforming
33 the unit for the GSPC-Taurus-89-21-08-25-04 #1156 Well, Permit No. 6658-C,
34 from an 80-acre unit consisting of the West Half of the Northwest Quarter of
35 Section 25, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in
36 the Cedar Cove Coal Degasification Field to a 40-acre unit consisting of the
37 Northwest Quarter of the Northwest Quarter of said Section 25.
38

39 Although Petitioner requests the Board to eliminate certain lands from the
40 present spacing unit, Petitioner proposes to drill another coalbed methane well in
41 the lands proposed to be eliminated.

13. DOCKET NO. 12-12-07-4

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Wesley West-Taurus-90-21-08-13-04 #1350 Well, Permit No. 7929-C, from an 80-acre unit consisting of the West Half of the Northwest Quarter of Section 13, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in the Cedar Cove Coal Degasification Field to a 40-acre unit consisting of the Northwest Quarter of the Northwest Quarter of said Section 13.

Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another coalbed methane well in the lands proposed to be eliminated.

14. DOCKET NO. 12-12-07-5

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Herrin-Taurus-89-21-08-22-13 #1365 Well, Permit No. 7254-C, from an 80-acre unit consisting of the South Half of the Southwest Quarter of Section 22, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in the Cedar Cove Coal Degasification Field to a 40-acre unit consisting of the Southwest Quarter of the Southwest Quarter of said Section 22.

Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another coalbed methane well in the lands proposed to be eliminated.

15. DOCKET NO. 12-12-07-6

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Chevron-Taurus 90-21-08-09-09 #1343 Well, Permit No. 8333-C, from an 80-acre unit consisting of the East Half of the Southeast Quarter of Section 9, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in the Peterson Coal Degasification Field to a 40-acre unit consisting of the Northeast Quarter of the Southeast Quarter of said Section 9.

Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another coalbed methane well in the lands proposed to be eliminated.

1 16. DOCKET NO. 12-12-07-7

2 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
3 corporation, requesting the State Oil and Gas Board to enter an order reforming
4 the unit for the ULC-Taurus-90-20-08-28-03 #1603 Well, Permit No. 8443-C,
5 from an 80-acre unit consisting of the East Half of the Northwest Quarter of
6 Section 28, Township 20 South, Range 8 West, Tuscaloosa County, Alabama, in
7 the Holt Coal Degasification Field to a 40-acre unit consisting of the Northeast
8 Quarter of the Northwest Quarter of said Section 28.
9

10 Although Petitioner requests the Board to eliminate certain lands from the
11 present spacing unit, Petitioner proposes to drill another coalbed methane well in
12 the lands proposed to be eliminated.
13

14 17. DOCKET NO. 12-12-07-8

15 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
16 corporation, requesting the State Oil and Gas Board to enter an order reforming
17 the unit for the Aland-Taurus-90-20-08-28-05 #1604 Well, Permit No. 8706-C,
18 from an 80-acre unit consisting of the West Half of the Northwest Quarter of
19 Section 28, Township 20 South, Range 8 West, Tuscaloosa County, Alabama, in
20 the Holt Coal Degasification Field to a 40-acre unit consisting of the Southwest
21 Quarter of the Northwest Quarter of said Section 28.
22

23 Although Petitioner requests the Board to eliminate certain lands from the
24 present spacing unit, Petitioner proposes to drill another coalbed methane well in
25 the lands proposed to be eliminated.
26

27 18. DOCKET NO. 12-12-07-9

28 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
29 corporation, requesting the State Oil and Gas Board to enter an order reforming
30 the unit for the Aland-Taurus-90-20-08-29-03 #1607 Well, Permit No. 8707-C,
31 from an 80-acre unit consisting of the East Half of the Northwest Quarter of
32 Section 29, Township 20 South, Range 8 West, Tuscaloosa County, Alabama, in
33 the Holt Coal Degasification Field to a 40-acre unit consisting of the Northeast
34 Quarter of the Northwest Quarter of said Section 29.
35

36 Although Petitioner requests the Board to eliminate certain lands from the
37 present spacing unit, Petitioner proposes to drill another coalbed methane well in
38 the lands proposed to be eliminated.

19. DOCKET NO. 12-12-07-10

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Holman-Taurus-90-20-08-29-05 #1608 Well, Permit No. 8556-C, from an 80-acre unit consisting of the West Half of the Northwest Quarter of Section 29, Township 20 South, Range 8 West, Tuscaloosa County, Alabama, in the Holt Coal Degasification Field to a 40-acre unit consisting of the Southwest Quarter of the Northwest Quarter of said Section 29.

Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another coalbed methane well in the lands proposed to be eliminated.

20. DOCKET NO. 12-12-07-11

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Aland-Taurus-90-20-08-32-07 #1630 Well, Permit No. 8610-C, from an 80-acre unit consisting of the West Half of the Northeast Quarter of Section 32, Township 20 South, Range 8 West, Tuscaloosa County, Alabama, in the Holt Coal Degasification Field to a 40-acre unit consisting of the Southwest Quarter of the Northeast Quarter of said Section 32.

Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another coalbed methane well in the lands proposed to be eliminated.

21. DOCKET NO. 12-12-07-12

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the MLC-Taurus-91-21-08-05-11 #1666 Well, Permit No. 10061-C, from an 80-acre unit consisting of the East Half of the Southwest Quarter of Section 5, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in the Peterson Coal Degasification Field to a 40-acre unit consisting of the Northeast Quarter of the Southwest Quarter of said Section 5.

Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another coalbed methane well in the lands proposed to be eliminated.

22. DOCKET NO. 12-12-07-13

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the ULC-Taurus-90-21-08-04-09 #1672 Well, Permit No. 8446-C, from an 80-acre unit consisting of the East Half of the Southeast Quarter of Section 4, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in the Peterson Coal Degasification Field to a 40-acre unit consisting of the Northeast Quarter of the Southeast Quarter of said Section 4.

Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another coalbed methane well in the lands proposed to be eliminated.

23. DOCKET NO. 12-12-07-14

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Holman-Taurus-90-21-08-08-11 #1690 Well, Permit No. 8538-C, from an 80-acre unit consisting of the East Half of the Southwest Quarter of Section 8, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in the Peterson Coal Degasification Field to a 40-acre unit consisting of the Northeast Quarter of the Southwest Quarter of said Section 8.

Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another coalbed methane well in the lands proposed to be eliminated.

24. DOCKET NO. 12-12-07-15

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the ULC-Taurus-90-21-08-08-15 #1691 Well, Permit No. 8539-C, from an 80-acre unit consisting of the West Half of the Southeast Quarter of Section 8, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in the Peterson Coal Degasification Field to a 40-acre unit consisting of the Southwest Quarter of the Southeast Quarter of said Section 8.

Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another coalbed methane well in the lands proposed to be eliminated.

1 25. DOCKET NO. 12-12-07-16

2 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
3 corporation, requesting the State Oil and Gas Board to enter an order reforming
4 the unit for the ULC-Taurus-90-21-08-08-09 #1692 Well, Permit No. 8540-C,
5 from an 80-acre unit consisting of the East Half of the Southeast Quarter of
6 Section 8, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in
7 the Peterson Coal Degasification Field to a 40-acre unit consisting of the
8 Northeast Quarter of the Southeast Quarter of said Section 8.

9
10 Although Petitioner requests the Board to eliminate certain lands from the
11 present spacing unit, Petitioner proposes to drill another coalbed methane well in
12 the lands proposed to be eliminated.
13

14 26. DOCKET NO. 12-12-07-17

15 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
16 corporation, requesting the State Oil and Gas Board to enter an order reforming
17 the unit for the Holman-Taurus-90-21-08-09-11 #1694 Well, Permit No. 8693-C,
18 from an 80-acre unit consisting of the Northeast Quarter of the Southwest
19 Quarter and the Northwest Quarter of the Southeast Quarter of Section 9,
20 Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in the
21 Peterson Coal Degasification Field to a 40-acre unit consisting of the Northeast
22 Quarter of the Southwest Quarter of said Section 9.

23
24 Although Petitioner requests the Board to eliminate certain lands from the
25 present spacing unit, Petitioner proposes to drill another coalbed methane well in
26 the lands proposed to be eliminated.
27

28 27. DOCKET NO. 12-12-07-18

29 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
30 corporation, requesting the State Oil and Gas Board to enter an order reforming
31 the unit for the Holman-Taurus-90-21-08-09-15 #1695 Well, Permit No. 8694-C,
32 from an 80-acre unit consisting of the Southeast Quarter of the Southwest
33 Quarter and the Southwest Quarter of the Southeast Quarter of Section 9,
34 Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in the
35 Peterson Coal Degasification Field to a 40-acre unit consisting of the Southwest
36 Quarter of the Southeast Quarter of said Section 9.

37
38 Although Petitioner requests the Board to eliminate certain lands from the
39 present spacing unit, Petitioner proposes to drill another coalbed methane well in
40 the lands proposed to be eliminated.

1 28. DOCKET NO. 12-12-07-19

2 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
3 corporation, requesting the State Oil and Gas Board to enter an order reforming
4 the unit for the Wesley West-Taurus-90-21-08-17-01 #1700 Well, Permit No.
5 8696-C, from an 80-acre unit consisting of the East Half of the Northeast
6 Quarter of Section 17, Township 21 South, Range 8 West, Tuscaloosa County,
7 Alabama, in the Peterson Coal Degasification Field to a 40-acre unit consisting
8 of the Northeast Quarter of the Northeast Quarter of said Section 17.
9

10 Although Petitioner requests the Board to eliminate certain lands from the
11 present spacing unit, Petitioner proposes to drill another coalbed methane well in
12 the lands proposed to be eliminated.
13

14 29. DOCKET NO. 12-12-07-20

15 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
16 corporation, requesting the State Oil and Gas Board to enter an order reforming
17 the unit for the Wesley West-Taurus-90-21-08-17-07 #1701 Well, Permit No.
18 8705-C, from an 80-acre unit consisting of the West Half of the Northeast
19 Quarter of Section 17, Township 21 South, Range 8 West, Tuscaloosa County,
20 Alabama, in the Peterson Coal Degasification Field to a 40-acre unit consisting
21 of the Southwest Quarter of the Northeast Quarter of said Section 17.
22

23 Although Petitioner requests the Board to eliminate certain lands from the
24 present spacing unit, Petitioner proposes to drill another coalbed methane well in
25 the lands proposed to be eliminated.
26

27 30. DOCKET NO. 12-12-07-21

28 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
29 corporation, requesting the State Oil and Gas Board to enter an order reforming
30 the unit for the MLC-Taurus-91-21-08-17-05 #1703 Well, Permit No. 10063-C,
31 from an 80-acre unit consisting of the West Half of the Northwest Quarter of
32 Section 17, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in
33 the Peterson Coal Degasification Field to a 40-acre unit consisting of the
34 Southwest Quarter of the Northwest Quarter of said Section 17.
35

36 Although Petitioner requests the Board to eliminate certain lands from the
37 present spacing unit, Petitioner proposes to drill another coalbed methane well in
38 the lands proposed to be eliminated.

1 31. DOCKET NO. 12-12-07-22

2 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
3 corporation, requesting the State Oil and Gas Board to enter an order reforming
4 the unit for the ULC-Taurus-90-21-08-17-09 #1715 Well, Permit No. 8487-C,
5 from an 80-acre unit consisting of the East Half of the Southeast Quarter of
6 Section 17, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in
7 the Peterson Coal Degasification Field to a 40-acre unit consisting of the
8 Northeast Quarter of the Southeast Quarter of said Section 17.

9
10 Although Petitioner requests the Board to eliminate certain lands from the
11 present spacing unit, Petitioner proposes to drill another coalbed methane well in
12 the lands proposed to be eliminated.

13
14 32. DOCKET NO. 12-12-07-23

15 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
16 corporation, requesting the State Oil and Gas Board to enter an order reforming
17 the unit for the ULC-Taurus-90-21-08-20-01 #1724 Well, Permit No. 8479-C,
18 from an 80-acre unit consisting of the East Half of the Northeast Quarter of
19 Section 20, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in
20 the Cedar Cove Coal Degasification Field to a 40-acre unit consisting of the
21 Northeast Quarter of the Northeast Quarter of said Section 20.

22 Although Petitioner requests the Board to eliminate certain lands from the
23 present spacing unit, Petitioner proposes to drill another coalbed methane well in
24 the lands proposed to be eliminated.

25
26 33. DOCKET NO. 12-12-07-24

27 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
28 corporation, requesting the State Oil and Gas Board to enter an order reforming
29 the unit for the ULC-Taurus-90-21-08-20-07 #1725 Well, Permit No. 8470-C,
30 from an 80-acre unit consisting of the West Half of the Northeast Quarter of
31 Section 20, Township 21 South, Range 8 West, Tuscaloosa County, Alabama, in
32 the Cedar Cove Coal Degasification Field to a 40-acre unit consisting of the
33 Southwest Quarter of the Northeast Quarter of said Section 20.

34
35 Although Petitioner requests the Board to eliminate certain lands from the
36 present spacing unit, Petitioner proposes to drill another coalbed methane well in
37 the lands proposed to be eliminated.

38
39 34. DOCKET NO. 12-12-07-25

40 Petition by UNION OIL COMPANY OF CALIFORNIA, a foreign corporation
41 authorized to do and doing business in the State of Alabama, as Unit Operator of

the Churchula Fieldwide Unit, requesting the State Oil and Gas Board to enter an order amending Rule 4 of the Special Field Rules for the Churchula Fieldwide Unit, Mobile County, Alabama, to provide, among other things, that production casing may be set into the producing reservoir with or without a packer and/or a well may be completed open hole and may be drilled underbalanced, all with approval of the Oil and Gas Supervisor.

35. DOCKET NO. 12-12-07-26

Petition by EXXON MOBIL CORPORATION, acting for the operator, Mobil Oil Exploration & Producing Southeast 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 extending the shut-in status and temporarily abandoned status of the following offshore wells located in Baldwin and Mobile Counties, Alabama, in the Lower Mobile Bay-Mary Ann Field, in accordance with Rule 400-2-4-.14 (1) and (2) of the State Oil and Gas Board of Alabama Administrative Code:

<u>PERMIT NO.</u>	<u>WELL NAME</u>	<u>STATUS</u>
3135-OS-6-B	State Lease 349 #2	Shut-in
10557-OS-59-B1	Alabama State Lease 350 (Tract 95)Well #5 S/T#1	Shut-in
2543-OS-3-B	State Lease 347 #1	Temporarily abandoned
3614-OS-14	State Lease 347 #2	Temporarily abandoned
3127-OS-5	State Lease 350 #1	Temporarily abandoned.

Petitioner requests that the Board grant a one year extension of the shut-in status and temporarily abandoned status of the referenced wells because said wells have future utility and should not be plugged.

36. DOCKET NO. 12-12-07-27

Petition by EXXON MOBIL CORPORATION, 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 extending the shut-in status of the following offshore wells in Mobile County, Alabama, in the Northwest Gulf Field-Mobile Area, in accordance with Rule 400-2-4-.14(2) of the State Oil and Gas Board of Alabama Administrative Code:

<u>PERMIT NO.</u>	<u>WELL NAME</u>
12155-OS-85-B	S/L 537 Block 112 #4
10121-OS-53	State Lease 537 #2
11009-OS-65-B	State Lease 536 #3

Petitioner requests that the Board grant a one year extension of the shut-in status of the referenced wells because said wells have future utility and should not be plugged.

37. DOCKET NO. 12-12-07-28

Petition by EXXON MOBIL CORPORATION, acting for the operator, Mobil Oil Exploration & Producing Southeast 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 extending the shut-in status of the following offshore well in Baldwin County, Alabama, in the Southeast Mobile Bay Field, in accordance with Rule 400-2-4-.14(2) of the State Oil and Gas Board of Alabama Administrative Code:

<u>PERMIT NO.</u>	<u>WELL NAME</u>
3346-OS-8-B	State Lease 350 #2

Petitioner requests that the Board grant a one year extension of the shut-in status of the referenced well because said well has future utility and should not be plugged.

38. DOCKET NO. 12-12-07-29

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced in the proposed Poole 1-5 #1 Well to be drilled on an exceptional 320-acre wildcat drilling unit consisting of the North Half of Section 1, Township 23 North, Range 3 East, Greene 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. 12-12-07-30 requesting approval of the above-described exceptional 320-acre wildcat drilling unit for the referenced well.

1 39. DOCKET NO. 12-12-07-30

2 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
3 corporation, requesting the State Oil and Gas Board to enter an order approving
4 an exceptional 320-acre wildcat drilling unit for the proposed Poole 1-5 #1 Well
5 consisting of the North Half of Section 1, Township 23 North, Range 3 East,
6 Greene County, Alabama, as an exception to Rule 400-1-2-.02(2)(a) of the State
7 Oil and Gas Board of Alabama Administrative Code, which provides that a well
8 may be drilled on a drilling unit consisting of a governmental quarter-quarter
9 section consisting of approximately 40 acres.

10
11 This petition is filed as a companion to a petition bearing Docket No. 12-12-07-
12 29 requesting force pooling without imposition of a risk compensation penalty.
13

14 40. DOCKET NO. 12-12-07-31

15 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
16 corporation, requesting the State Oil and Gas Board to enter an order approving
17 an exceptional 320-acre wildcat drilling unit for the proposed Krout 10-14 #1
18 Well consisting of the West Half of Section 10, Township 22 North, Range 9
19 East, Bibb County, Alabama, as an exception to Rule 400-1-2-.02(2)(a) of the
20 State Oil and Gas Board of Alabama Administrative Code, which provides that a
21 well may be drilled on a drilling unit consisting of a governmental quarter-
22 quarter section consisting of approximately 40 acres.
23

24 41. DOCKET NO. 12-12-07-32

25 Petition by PALMER PETROLEUM, INC., a foreign corporation authorized to
26 do and doing business in the State of Alabama, requesting the State Oil and Gas
27 Board to enter an order force pooling, with a risk compensation penalty, all tracts
28 and interests in hydrocarbons produced from the Smackover Formation in
29 Petitioner's proposed Creech 23-8 No. 1 Well to be drilled on a 160-acre wildcat
30 unit consisting of the Northeast Quarter of Section 23, Township 4 North, Range
31 14 East, Covington County, Alabama.
32

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

37 42. DOCKET NO. 12-12-07-33

38 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
39 corporation, requesting the State Oil and Gas Board to enter an order approving
40 an exceptional 320-acre wildcat drilling unit for the proposed Marchant 22-16 #1
41 Well consisting of the East Half of Section 22, Township 22 South, Range 7

1 West, Bibb County, Alabama, as an exception to Rule 400-1-2-.02(2) of the
2 State Oil and Gas Board of Alabama Administrative Code, which addresses
3 spacing of wells.
4

5 This petition is filed as a companion to a petition bearing Docket No. 12-12-07-34
6 requesting approval of an exceptional location for the referenced well on the
7 proposed exceptional 320-acre wildcat drilling unit.
8

9 43. DOCKET NO. 12-12-07-34

10 Petition by ENERGEN RESOURCES CORPORATION, an Alabama
11 corporation, requesting the State Oil and Gas Board to enter an order approving
12 an exceptional location for the proposed Marchant 22-16 #1 Well, to be drilled
13 on a proposed exceptional 320-acre wildcat drilling unit consisting of the East
14 Half of Section 22, Township 22 South, Range 7 West, Bibb County, Alabama,
15 as an exception to Rule 400-1-2-.02(2) of the State Oil and Gas Board of
16 Alabama Administrative Code which requires that wells be drilled at least 660
17 feet from every exterior boundary of a 320-acre drilling unit. The proposed
18 location for the referenced well is 956 feet from the South line and 384 feet from
19 the East line of said 320-acre unit, and as such, is an exception to said Rule.
20

21 The petition is filed as a companion to a petition bearing Docket No. 12-12-07-
22 33 requesting approval of an exceptional 320-acre wildcat drilling unit for the
23 referenced well.
24

25 44. DOCKET NO. 12-12-07-35

26 Petition by SKLAR EXPLORATION COMPANY, LLC requesting that the State
27 Oil and Gas Board of Alabama enter an order (a) force pooling without risk
28 compensation all tracts and interests in the Northeast Quarter of Section 5,
29 Township 4 North, Range 13 East, Conecuh County, Alabama, as a 160-acre
30 wildcat drilling unit for the purpose of drilling a well to test formations down to
31 and including the Norphlet formation, (b) requiring all owners of tracts and
32 interests in said unit to develop their tracts and interests as a unit, and (c)
33 appointing Petitioner as the operator of said unit. This petition is filed pursuant
34 to Ala. Code Sections 9-17-1, et seq. (and, in particular, Section 9-17-13, as
35 amended) and Rules 400-1-1-.01, et seq. (and, in particular, Rule 400-7-1-.01 et
36 seq.) of the State Oil and Gas Board of Alabama Administrative Code.
37

38 45. DOCKET NO. 12-12-07-36

39 Petition by SKLAR EXPLORATION COMPANY, LLC requesting that the State
40 Oil and Gas Board of Alabama enter an order (a) force pooling without risk
41 compensation all tracts and interests in the Northwest Quarter of Section 4,

Township 4 North, Range 13 East, Conecuh County, Alabama, as a 160-acre wildcat drilling unit for the purpose of drilling a well to test formations down to and including the Norphlet formation, (b) requiring all owners of tracts and interests in said unit to develop their tracts and interests as a unit, and (c) appointing Petitioner as the operator of said unit. This petition is filed pursuant to Ala. Code Sections 9-17-1, et seq. (and, in particular, Section 9-17-13, as amended) and Rules 400-1-1-.01, et seq. (and, in particular, Rule 400-7-1-.01 et seq.) of the State Oil and Gas Board of Alabama Administrative Code.

46. DOCKET NO. 12-12-07-37

Petition by SKLAR EXPLORATION COMPANY, LLC requesting that the State Oil and Gas Board of Alabama enter an order (a) force pooling without risk compensation all tracts and interests in the Southwest Quarter of Section 4, Township 4 North, Range 13 East, Conecuh County, Alabama, as a 160-acre wildcat drilling unit for the purpose of drilling a well to test formations down to and including the Norphlet formation, (b) requiring all owners of tracts and interests in said unit to develop their tracts and interests as a unit, and (c) appointing Petitioner as the operator of said unit. This petition is filed pursuant to Ala. Code Sections 9-17-1, et seq. (and, in particular, Section 9-17-13, as amended) and Rules 400-1-1-.01, et seq. (and, in particular, Rule 400-7-1-.01 et seq.) of the State Oil and Gas Board of Alabama Administrative Code.

47. DOCKET NO. 12-12-07-38

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 3E, 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 322 feet and 2,722 feet as encountered in the JWR 31-04-310 Well, Permit No. 12254-C, located in Section 31, Township 20 South, Range 7 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

1 Unit Operating Agreement, as ratified, in accordance with Section 9-17-84, Code
2 of Alabama (1975), and approval of the amendments to the Special Field Rules for
3 the Brookwood Coal Degasification Field in order to conform to the provisions of
4 the aforementioned Unit Agreement and Unit Operating Agreement.

5 Petitioner further seeks entry of an order unitizing, pooling and integrating the
6 Unit Area, as underlain by the above defined unitized formation so as to require
7 all owners or claimants of royalty, overriding royalty, mineral, and leasehold
8 interests within the Unit Area to unitize, pool and integrate their interests and
9 develop their lands or interests as a unit, and designating Black Warrior Methane
10 Corp. as operator of the Unit Area in accordance with the laws of Alabama. The
11 proposed Unit Area, to be designated Unit 3E, containing approximately 160
12 acres, consists of the Northwest Quarter of Section 31, Township 20 South,
13 Range 7 West, Tuscaloosa County, Alabama.

14
15 48. DOCKET NO. 4-30-03-7

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

29
30 49. DOCKET NO. 4-25-06-34

31 Continued MOTION BY THE STATE OIL AND GAS BOARD OF
32 ALABAMA requesting Operator, Lower 15 Oil Corporation to show cause why
33 the following abandoned wells located in the Gilbertown Field, Choctaw
34 County, Alabama, and described hereinbelow should not be ordered plugged and
35 abandoned in accordance with Rule 400-1-4-.14 of the State Oil and Gas Board
36 of Alabama Administrative Code relating to Plugging and Abandonment of
37 Wells and the well sites and associated tank battery sites restored in accordance
38 with Rule 400-1-4-.16 of the State Oil and Gas Board of Alabama
39 Administrative Code relating to Restoration of Location. Additionally, the Frank
40 Gibson #1 Well, Permit No. 1071, which is described hereinbelow under
41 Plugged and Abandoned well was plugged and abandoned on August 21, 1997,

however the well site has not been restored in accordance with Rule 400-1-4-.16 of the State Oil and Gas Board of Alabama Administrative Code relating to Restoration of Location. Further, the Board is requesting the operator to show cause why sites, such as well sites, production facility sites, and Class II injection facility sites should not be ordered to be brought into compliance with Rule 400-1-4-.10 of the State Oil and Gas Board of Alabama Administrative Code relating to Site Maintenance.

East Gilbertown Eutaw Unit Wells & Tank Batteries

<u>Permit No.</u> (Tank Battery No.)	<u>Well Name</u> (Tank Battery)	<u>Location</u>
1280	Mattie Clark #1	S1, T10N, R3W
1293	C. F. Stewart Heirs #1	S1, T10N, R3W
(1293 TB)	(C. F. Stewart Heirs #1)	S1, T10N, R3W
1338	Mattie Clark #3	S1, T10N, R3W
10416	Mattie E. Clark #1-6	S1, T10N, R3W
(1343 TB)	(Abston Jones 1-6)	S1, T10N, R3W

Other Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
1431	Joseph W. Hutchinson, Jr. et al #1	S7, T10N, R3W

Plugged and Abandoned well (well site not restored)

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
1071	Frank Gibson #1	S1, T10N, R3W

50. DOCKET NO. 1-31-07-8A

Continued MOTION FOR REHEARING by LOWER 15 OIL CORPORATION, pursuant to the Alabama Administrative Procedure Act, Section 42-22-1 et seq. of the Code of Alabama (1975) requesting that the Board, upon rehearing, will modify or set aside its order related to its decision entered as Order No. 2007-97 on June 15, 2007, regarding a petition by Lower 15 Oil Corporation. The application for rehearing relates to the petition bearing the docket number set forth hereinabove.

51. DOCKET NO. 10-3-07-12

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA for Operator, ENERGY RECOVERY GROUP., to show cause why the wells described hereinbelow located in the Baldwin, Covington, Conecuh, Mobile and Walker Counties, Alabama, should not be found in violation of Rule 400-1-6-.10 of the State Oil and Gas Board of Alabama Administrative Code relating to Site Maintenance and Rule 400-1-10-.01 of the State Oil and Gas Board of Alabama Administrative Code relating to Reports. Further pursuant to this Motion the Operator shall show cause why the wells described hereinbelow should not be ordered plugged and abandoned in accordance with Rule 400-1-4-.14 of the State Oil and Gas Board of Alabama Administrative Code relating to Plugging and Abandonment of Wells and the well sites and associated production facility sites restored in accordance with Rule 400-1-4-.16 of the State Oil and Gas Board of Alabama Administrative Code relating to Restoration of Location.

Baldwin County Wells

<u>Permit No</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>
4548	Gulf State Park 7-13 #1	S7, T9S, R5E	Gulf State Park
5791	Smith et al Unit 38 #1	S38, T8S, R4E	Swifts Landing
6435	Dora Hand et al 32 #1	S32, T8S, R3E	South Weeks Bay
10036	Magnolia Land Co. 35-2 #1	S35, T7S, R3E	East Magnolia Springs
10037	Burnett 37 #1	S37, T8S, R4E	Oak
12325	Flowers Stewart 18-8	S18, T8S, R4E	Pleasant View

Covington County Wells

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>
6239	Paramount-Jeffers 17-9 #1	S17, T1N, R14E	West Falco
8788	Paramount-Federal 16-14 #1	S16, T1N, R14E	West Falco
9950-	Paramount- Federal 21-1 #1	S21, T1N, R14E	West Falco
SWD-91-12			
10489	Smak-Dixon 31-6 #1	S31, T3N, R15E	Pleasant Home
10632	Smak-Dixon 31-11 #1	S31, T3N, R15E	Pleasant Home
10735-B	Smak-Dixon 31-10 #1	S31, T3N, R15E	Pleasant Home
10874	Smak-Dixon 31-7 #1	S31, T3N, R15E	Pleasant Home
11023-	Smak-Dixon 31-10 SWD #1	S31, T3N, R15E	Pleasant Home
SWD-96-2			
11096-B	Smak-Murphy 13-4#1	S13, T3N, R14E	South Copeland Creek

Conecuh County Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>
12049-B	D. W. McMillan 31-15#1	S31, T4N, R10E	Juniper Creek

Mobile County Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>
4412-A	R. J. Newman et al 21-11#1	S21, T1S, R1W	Turnerville

Walker County Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>
3246	U. S. Steel 17-14#1	S17, T13S, R10W	Eldridge
5131	McPoland et al 7-16#1	S7, T13S, R10W	Eldridge
5132	McPoland et al 8-13#1	S8, T13S, R10W	Eldridge
5283	McPoland et al 8-7#1	S8, T13S, R10W	Eldridge
5539	U. S. Steel 8-10#1	S8, T13S, R10W	Eldridge
5622	U. S. Steel 9-12#1	S9, T13S, R10W	Eldridge
5916	Gordon Davis 17-12#1	S17, T13S, R10W	Eldridge
6254	McPoland et al 18-16#1	S18, T13S, R10W	Eldridge
6310	U. S. Steel 20-4#1	S20, T13S, R10W	Eldridge
6355	Calvin 19-2#1	S19, T13S, R10W	Eldridge
6388	Aultman 18-6#1	S18, T13S, R10W	Eldridge
6972	U. S. Steel 19-10#1	S19, T13S, R10W	Eldridge

Also, pursuant to this Motion the Operator shall show cause why these two plugged and abandoned wells, the Thomas W. Walters et al Unit 13-10#1 Well, Permit No. 4758, and the Brantley et al Unit 32-13 #1 Well, Permit No. 5266, both of which were located in Baldwin County should not be found in violation of Rule 400-1-4-.15 of the State Oil and Gas Board of Alabama Administrative Code relating to Report of Well Plugging. Failure to comply with the Board's rules and regulations may result in the Board issuing fines or taking other sanctions against Operator, Energy Recovery Group. The Board may collect the proceeds of the well bond covering these wells and use the proceeds to plug and abandon wells and restore well locations.

52. DOCKET NO. 12-12-07-39

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to address the following oil and gas wells described hereinbelow located in Baldwin, Covington, Conecuh, Mobile and Walker Counties, Alabama, operated by ENERGY RECOVERY GROUP, LLC:

Baldwin County Wells

<u>Permit No</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>
4548	Gulf State Park 7-13 #1	S7, T9S, R5E	Gulf State Park
5791	Smith et al Unit 38 #1	S38, T8S, R4E	Swifts Landing
6435	Dora Hand et al 32 #1	S32, T8S, R3E	South Weeks Bay
10036	Magnolia Land Co. 35-2 #1	S35, T7S, R3E	East Magnolia Springs
10037	Burnett 37 #1	S37, T8S, R4E	Oak
12325	Flowers Stewart 18-8	S18, T8S, R4E	Pleasant View

Covington County Wells

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>
6239	Paramount-Jeffers 17-9 #1	S17, T1N, R14E	West Falco
8788	Paramount-Federal 16-14 #1	S16, T1N, R14E	West Falco
9950-	Paramount- Federal 21-1 #1	S21, T1N, R14E	West Falco
	SWD-91-12		
10489	Smak-Dixon 31-6 #1	S31, T3N, R15E	Pleasant Home
10632	Smak-Dixon 31-11 #1	S31, T3N, R15E	Pleasant Home
10735-B	Smak-Dixon 31-10 #1	S31, T3N, R15E	Pleasant Home
10874	Smak-Dixon 31-7 #1	S31, T3N, R15E	Pleasant Home
11023-	Smak-Dixon 31-10 SWD #1	S31, T3N, R15E	Pleasant Home
	SWD-96-2		
11096-B	Smak-Murphy 13-4#1	S13, T3N, R14E	South Copeland Creek

Conecuh County Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>
12049-B	D. W. McMillan 31-15#1	S31, T4N, R10E	Juniper Creek

Mobile County Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>
4412-A	R. J. Newman et al 21-11#1	S21, T1S, R1W	Turnerville

Walker County Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>
3246	U. S. Steel 17-14#1	S17, T13S, R10W	Eldridge
5131	McPoland et al 7-16#1	S7, T13S, R10W	Eldridge
5132	McPoland et al 8-13#1	S8, T13S, R10W	Eldridge
5283	McPoland et al 8-7#1	S8, T13S, R10W	Eldridge
5539	U. S. Steel 8-10#1	S8, T13S, R10W	Eldridge
5622	U. S. Steel 9-12#1	S9, T13S, R10W	Eldridge

5916	Gordon Davis 17-12#1	S17, T13S, R10W	Eldridge
6254	McPoland et al 18-16#1	S18, T13S, R10W	Eldridge
6310	U. S. Steel 20-4#1	S20, T13S, R10W	Eldridge
6355	Calvin 19-2#1	S19, T13S, R10W	Eldridge
6388	Aultman 18-6#1	S18, T13S, R10W	Eldridge
6972	U. S. Steel 19-10#1	S19, T13S, R10W	Eldridge

An Involuntary Petition for Bankruptcy has been filed in the U.S. Bankruptcy Court, Eastern District of Texas, Case No. 06-41568 relating to Energy Recovery Group, LLC. In order to ensure that the subject wells are operated properly in accordance with the Alabama oil and gas laws and to ensure the protection of the citizens of Alabama, the Board may consider whether the transfer of operatorship is in the best interest of the State of Alabama. Various proposals for transfer or change of operator are being considered relating to the subject wells.

The jurisdiction of the State Oil and Gas Board of Alabama is set out in Section 9-17-1 et seq. of the Code of Alabama (1975). The Board may take any action it deems appropriate to ensure that the wells are operated properly and in accordance with Alabama oil and gas laws.

Hearings of the State Oil and Gas Board are public hearings, and members of the public are invited to attend and present their position concerning petitions. Requests to continue or oppose a petition should be received by the Board at least two (2) days prior to the hearing. The public should be aware that a petition may be set for hearing on the first day or second day of the hearing or may be continued to another hearing at a later date. We suggest, therefore, that prior to the hearing, interested parties contact the Board to determine the status of a particular petition. For additional information, you may contact the State Oil and Gas Board, P. O Box 869999, Tuscaloosa, Alabama 35486-6999, Telephone Number 205/349-2852, Fax Number 205/349-2861, or by email at petitions@ogb.state.al.us.

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

MR. ROGERS: Mr. Dampier and Mrs. Pritchett, I have a written report of the items heard by the Hearing Officer and the staff on Wednesday, December 12, 2007. Copies of the report are available for members of the public to review and study. I recommend the report be adopted by the Board.

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1 MRS. PRITCHETT: So move.

2 MR. DAMPIER: Second. All in favor.

3 (Board Members Dampier and Pritchett voted "aye")

4 MR. DAMPIER: "Ayes" have it.

5 MR. ROGERS: Mr. Chairman, I recommend the report be made a part of the record.

6 MR. DAMPIER: It is made a part of the record.

7 (Whereupon, the report was received in evidence)

8 MR. ROGERS: The following items are set for hearing by the Board today: Item 9,
9 Docket No. 11-7-07-12, petition by Sklar Exploration Company, LLC; Item 34, Docket No. 12-
10 12-07-25, petition by Union Oil Company of California; Item 38, Docket No. 12-12-07-29,
11 petition by Energen Resources; Item 39, Docket No. 12-12-07-30, petition by Energen; Item 40,
12 Docket No. 12-12-07-31, petition by Energen; Item 41, Docket No. 12-12-07-32, petition by
13 Palmer Petroleum, Inc.; Item 42, Docket No. 12-12-07-33, petition by Energen Resources
14 Corporation; Item 43, Docket No. 12-12-07-34, petition by Energen; Item 44, Docket No. 12-
15 12-07-35, petition by Sklar Exploration Company, LLC; Item 45, Docket No. 12-12-07-36,
16 petition by Sklar; Item 46, Docket No. 12-12-07-37, petition by Sklar; Item 51, Docket No. 10-
17 3-07-12, a motion by the Board relating to Energy Recovery Group, LLC; Item 52, Docket No.
18 12-12-07-39, a motion by the Board relating to Energy Recovery Group, LLC, and an
19 emergency motion by the Board, Docket No. 11-2-07-1 related to Energy Recovery Group,
20 LLC. That brings us to the first item set for today which is Item 9, Docket No. 11-7-07-12,
21 petition by Sklar Exploration Company, LLC.

22 MR. ARMBRECHT: Mr. Chairman, I'm Conrad Armbricht. I'm representing the
23 petitioner in this matter. This is a petition to add three 160-acre units to the Little Cedar Creek
24 Field. These units are on the northeast side of the field and all of them have completed wells on
25 them. All of the units comply with the field rules for the Little Cedar Creek Field. I have filed
26 a notice affidavit of publication in connection with this matter and I have also filed an affidavit
27 of personal notice in connection with this matter. I would request that those items be made a
28 part of the record.

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1 MR. DAMPIER: Those are made a part of the record.

2 (Whereupon, the affidavit was received in evidence;
3 affidavit of publication was incorporated from the
4 December 12, 2007, meeting)

5 MR. ARMBRECHT: I would also request that the Board take official notice of and
6 make a part of the record for this hearing the permit applications and other forms that have been
7 filed with the Board and other materials in the Board's records relating to the wells on the three
8 units that we are requesting be added today.

9 MR. DAMPIER: Those are incorporated into the record.

10 (Whereupon, permit applications, forms and materials in
11 Docket No. 11-7-07-12 were incorporated by reference)

12 MR. ARMBRECHT: I have handed up ten copies of exhibits that we propose to discuss
13 today in this matter and I have one witness, Mr. Cory Ezell.

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

15 MR. EZELL: Cory Ezell. I'm a geologist and Vice-President of Exploration at Sklar
16 Exploration. My business address is 401 Edwards Street, Suite 1601, Shreveport, Louisiana.

17 (Witness was sworn by Mr. Rogers)

18 MR. ARMBRECHT: Would you tell the Board by whom you are employed and what
19 your job is?

20 MR. EZELL: Yes. I'm employed by Sklar Exploration, LLC. Sklar is an independent
21 oil and gas company in Shreveport, Louisiana. I'm Vice-President and Exploration Manager
22 for Sklar.

23 MR. ARMBRECHT: Have you previously testified before this Board as an expert
24 witness in petroleum geology?

25 MR. EZELL: Yes I have.

26 MR. ARMBRECHT: Is an affidavit of your qualifications on file with the Board?

27 MR. EZELL: Yes it is.

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1 MR. ARMBRECHT: Mr. Chairman, I would request that Mr. Ezell be accepted as an
2 expert witness for this hearing.

3 MR. DAMPIER: He is recognized as an expert.

4 CORY EZELL

5 Appearing as a witness on behalf of Petitioner, Sklar Exploration Company, LLC,
6 testified as follows:

7 DIRECT EXAMINATION

8 Questions by Mr. Armbrrecht:

9 Q. Cory, would you turn to Exhibit 1 in your exhibit book and explain what that is and the
10 information shown on that exhibit?

11 A. Exhibit No. 1 is a structure map showing the subsurface structure of the Jurassic system
12 Smackover formation beds that are mapped at the top of the Smackover formation
13 through the Little Cedar Creek Field area in Conecuh County, Alabama. Structure
14 contours are shown on a 100-foot contour interval striking west-northwest and dipping
15 to the south-southwest at a rate of about two degrees. The structure is a gentle
16 monocline with no interruptions from faulting in the field area as mapped. Every 500-
17 foot contour is represented by a bold line. The gray highlighted area is the Little Cedar
18 Creek Oil Unit. The blue dashed outline is the existing Little Cedar Creek Field outline.
19 If you will look up in the northeastern part of that map you will see that the red outlined
20 units are the units to be added. They are the Sklar Exploration No. 1 Craft Cedar Creek
21 5-5, the No. 1 Craft Ralls 5-14, which are both in the western half of Section 5, and the
22 No. 1 Craft Brye 8-4 which is in the northwestern quarter of Section 8. They are each
23 160-acre units. They are all located in Township 4 North, Range 13 East. There is a
24 cross section that is marked that ties those units to the Little Cedar Creek Field marked
25 as A-A' and will be referred to later in Exhibit No. 5. There are key well log exhibits
26 that are indicated for each well and will be referred to next.

27 Q. Would you now turn to Exhibit No. 2 and explain what is shown on that exhibit?

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1 A. Exhibit No. 2 indicated by the permit number at the top, Permit No. 14484, is a well log
2 exhibit of the Sklar Exploration No. 1 Craft-Cedar Creek 5-5. It is located in the
3 Northwest Quarter of Section 5, Township 4 North, Range 13 East. This exhibit is
4 showing a neutron density porosity log presented on a 2-inch equal 100 foot or 1-inch
5 equal 50 foot vertical scale. Top and base of Smackover are indicated as well as the top
6 of the lower Smackover. The perf and test data are shown on the log with details shown
7 at the bottom of the log image. Subsea depths are along the side of the exhibit and
8 frame the Smackover formation.

9 Q. As I understand, the next two exhibits are logs from the other two wells that are
10 indicated on your first exhibit. Would you just very briefly explain what those are?

11 A. Exhibit No. 3 is a well log exhibit of the Sklar Craft-Ralls 5-14 located in the Southwest
12 Quarter of Section 5, also showing a neutron density log as in Exhibit No. 2. This well
13 was and is an intentionally deviated borehole. The log image shown is the measured
14 depth version. True vertical depth corrected tops are shown at the top horizons. Exhibit
15 No. 4 is a well log exhibit of the Craft-Brye 8-4. It is located in the Northwest Quarter
16 of Section 8. It is presented as the previous two exhibits. This well is also an
17 intentionally deviated borehole with measured depth and true vertical depth information
18 presented as on the previous exhibit.

19 Q. Turn to Exhibit No. 5 and explain the information shown on that exhibit.

20 A. Exhibit No. 5 is a structural cross section of wells as shown on the Exhibit No. 1
21 structure map going from the southwest to the northeast or on this presentation from left
22 to right. To the southwest is the Little Cedar Creek Field. The Sklar Exploration No. 1
23 Craft-Mack 7-2 is a field well, Permit No. 14325, located in the Northeast Quarter of
24 Section 7, Township 4 North, Range 13 East. It is immediately adjacent to the unit
25 wells to be added. The subsea structural depths that encompass the producing horizon
26 are shown along the side to the right. The vertical scale of this cross section is 1-inch
27 equal 100 feet. The horizontal scale is 1-inch equal one mile. Logs shown are induction
28 correlation logs. If you will look to the two center logs these two wells, the Craft-Brye

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1 8-4 and the Craft-Ralls 5-14 wells, are deviated wells. The true vertical depth log
2 images are shown for the ease of viewing and display. Pertinent test data and true
3 vertical depth to measured depth conversions are shown at the base of each of these two
4 images. The cross section shows no interruption or separation by faulting of the
5 Smackover reservoir from the southwest to the northeast through the area of the units to
6 be added, demonstrating that the continuation of the reservoir from the existing Little
7 Cedar Creek Field area goes into the area of the units to be added.

8 Q. Would you turn now to Exhibit No. 6 and explain what that is?

9 A. Exhibit No. 6 is the State Oil and Gas Board of Alabama Forms OGB-9 from the Little
10 Cedar Creek Field area for these wells. They have been filed with the state.

11 Q. Were all of these exhibits prepared by you or under your direct supervision and control?

12 A. Yes they were.

13 Q. Do they accurately show the information they are intended to show?

14 A. Yes.

15 MR. ARMBRECHT: Mr. Chairman, I would request that these exhibits be admitted
16 into evidence.

17 MR. DAMPIER: They are admitted.

18 (Whereupon, the exhibits were received in evidence)

19 Q. Cory, have you read the petition that has been filed in this matter?

20 A. I have.

21 Q. Are the allegations in that petition true and correct?

22 A. They are.

23 Q. Are you familiar with the Alabama statutory definition of waste?

24 A. Yes sir I am.

25 Q. In your opinion would the granting of this petition prevent waste and protect the
26 correlative rights of all parties and interests?

27 A. Yes.

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1 MR. ARMBRECHT: I have no further questions, Mr. Chairman. I tender the witness
2 for any questions the staff or Board may have.

3 MR. DAMPIER: Does Mrs. Pritchett, Dr. Tew or the staff have any questions?

4 MRS. PRITCHETT: Mr. Chairman, I move that the petition be granted.

5 MR. DAMPIER: Second. All in favor.

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

7 MR. DAMPIER: "Ayes" have it.

8 MR. ARMBRECHT: Thank you, Mr. Chairman.

9 MR. DAMPIER: Mr. Armbrrecht, I noticed that Sklar has additional items on the
10 docket. If there is no objection, if you would like to take those items now we could get them
11 out of the way.

12 MR. ARMBRECHT: I would be glad to. If we are going to take them I would request
13 that the three be consolidated because the evidence that will go with those three is the same.

14 MR. DAMPIER: Okay.

15 MR. ROGERS: The next item then will be Item 44, Docket No. 12-12-07-35, petition
16 by Sklar Exploration Company, LLC.

17 MR. DAMPIER: Those items are consolidated.

18 MR. ARMBRECHT: Thank you, Mr. Chairman. These are petitions to force pool,
19 without risk compensation, three 160-acre drilling units. They are wildcat units but they are
20 near the Little Cedar Creek Field. Wells will be drilled on those units to test down to the
21 Norphlet formation. The petitioner here believes that they own or control 100 percent of the
22 drilling rights in these units but there are some irregularities and breaks in the chain of title and
23 for that reason we wanted to come and get a force pooling order for each of the units. The title
24 problem, the most problematic that appears in each of the units, is the same for all three units.
25 That's why we wanted to consolidate the petitions. We have filed proofs of publication and
26 two affidavits of personal notice. The affidavits of personal notice show the people who were
27 sent notice, either the notice was mailed more than 15 days prior to the hearing or the person

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1 actually received the notice more than ten days prior to the hearing. I would request those be
2 made part of the record.

3 MR. DAMPIER: Those are admitted and made part of the record.

4 (Whereupon, the affidavits were received in evidence)

5 MR. ROGERS: For the record, the items we are talking about are Items 44, 45 and 46.
6 Docket No. 45 is 12-12-07-36. Docket No. 46 is 12-12-07-37.

7 MR. ARMBRECHT: Mr. Chairman, I would request in connection with this hearing
8 that the Board take official notice of and make a part of the record the permit applications that
9 have been filed for these three wells and others matters in the Board's files relating to the
10 proposed wells to be drilled on these three units.

11 MR. DAMPIER: Those are incorporated into the record.

12 (Whereupon, the permit applications and other
13 materials relating to wells in Items 44, 45
14 and 46 were incorporated by reference)

15 MR. ARMBRECHT: Also, because there are some common title issues with the prior
16 force pooling petition that we had before the Board, we would request that the Board take
17 official notice of and make a part of the record for this hearing the pleadings, transcript, orders
18 and other materials in Docket No. 10-3-07-11.

19 MR. DAMPIER: Those are incorporated into the record.

20 (Whereupon, pleadings, transcript, orders and matters
21 relating to Docket No. 10-3-07-11 were incorporated by
22 reference)

23 MR. ARMBRECHT: Thank you, Mr. Chairman. I have one witness, Mr. Ty Adams, if
24 he could be sworn now.

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

26 MR. ADAMS: Ty Adams, Shreveport, Louisiana.

27 (Witness was sworn by Mr. Rogers)

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1 MR. ARMBRECHT: Ty, you have previously testified before the Board as an expert
2 petroleum landman and an affidavit of your qualifications is on file with the Board, isn't it?

3 MR. ADAMS: That's correct.

4 TY ADAMS

5 Appearing as a witness on behalf of Petitioner, Sklar Exploration Company, LLC,
6 testified as follows:

7
8 DIRECT EXAMINATION

9 Questions by Mr. Armbrrecht:

10 Q. Have you reviewed title to the proposed units?

11 A. Yes I have.

12 Q. Have you also had lawyers and landmen review title to the lands in these three units?

13 A. Yes.

14 Q. What percent in interest of the owners does Sklar have under lease?

15 A. I believe we have 100 percent.

16 Q. Would you explain to the Board why we are asking for force pooling?

17 A. The reason we are asking for force pooling today is because of irregularities or breaks
18 that we see in the early chain of title.

19 Q. How did you become aware of these breaks or irregularities?

20 A. We first became aware of them during the abstracting process. Our landmen brought it
21 to our attention and of course again during the title opinion portion of our process.

22 Q. Would you explain to the Board as briefly as possible the nature of the title problems
23 that caused you to file these petitions?

24 A. I'll try to do it briefly. We became aware that there are tracts that are located within the
25 boundaries of all three of the wells or units that we are coming to you today to integrate,
26 breaks and irregularities in the early chain that at one time was held by common
27 ownership back in the early 1900's by a man by the name of Holmes. This owner we
28 believe died sometime around 1912 or 1913 and we were unable to locate any probate

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1 on the owner. However, we did find what appeared to be a proceeding, an estate
2 proceeding, upon the gentleman's wife. The instruments that were found recited that
3 she had left a Will but we were unable to find this Will. We were unable to locate any
4 instruments about what was believed to be a probate in the records, the probate records,
5 of the county. Furthermore, we did locate what appeared to be an administration upon
6 one of the children of the deceased. However, again, we were unable to find a complete
7 file on this administration.

8 Q. Would you explain a little bit how the Probate Court files from the early 1900's are kept
9 in this Probate Court office?

10 A. Well because we were looking for probate items that were from a very early period of
11 time, they are in boxes in a storeroom. We attempted to go through all the boxes to
12 make sure that we didn't miss anything. I feel certain that we did go through all the
13 boxes but that is how they are stored.

14 Q. Okay. For example, you found an order admitting Mr. Holmes wife's Will to probate
15 but could not find the Will itself anywhere in the Probate Court records.

16 A. That's correct.

17 Q. So apparently things can be missing from the records from that period?

18 A. I believe so, yes.

19 Q. Okay. Well, explain a little bit more about this title problem and what has caused it to
20 be what you consider a break in title.

21 A. Based upon the documents that we located in the Probate Court records, from old census
22 information that we had for the county, and from search engines that we used on the
23 Internet, we believe that this party, Mr. and Mrs. Holmes, were survived by five
24 children and the children of three deceased children. The Probate Court records in the
25 county do show that these heirs executed numerous deeds purporting to petition the
26 estate amongst themselves, this happening in the period around 1916 to 1918. Once
27 again, some of these recorded deeds did not appear to be executed by all the named
28 grantors or they were executed by parties using nicknames, making it difficult to tie it

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1 back to a name of one of the grantors named in the instrument. In some instances there
2 just were not any deeds.

3 Q. Okay. Am I correct that you would have five children and twelve grandchildren who
4 about 1916 were the heirs of Mr. Holmes?

5 A. Yes that's correct.

6 Q. You are finding deeds executed by some of these people indicating that they were
7 dividing the estate among themselves?

8 A. Yes.

9 Q. But what we haven't found is deeds executed by everybody who appeared to be an heir
10 at that time?

11 A. Yes, that's correct.

12 Q. Some of your heirship information had to be based on census data that you investigated?

13 A. Yes.

14 Q. Have you tried to track down all of the current descendants of those heirs who were
15 alive in 1960?

16 A. Yes we have.

17 Q. Have you tried to notify those people of this hearing today?

18 A. They were notified, yes.

19 Q. You are familiar with the two affidavits of personal notice that have been filed in this
20 matter?

21 A. I am.

22 Q. Does that contain a list of all the people that you were able to locate who were
23 descendants of these people who were heirs in 1916?

24 A. Yes.

25 Q. Is it possible thought that there could be other descendants whose names you were not
26 able to locate?

27 A. It is possible, yes.

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1 Q. Could it be possible that when you located some names you were unable to find
2 addresses for some of the people?

3 A. Yes, that is correct.

4 Q. You did make a diligent search for those names and addresses by reviewing the Internet,
5 the Probate Court records and census data?

6 A. Yes.

7 Q. Is it possible in addition to this heirship information we talked about that there could be
8 owners or claimants to interest that might exist that would be unknown to Sklar?

9 A. Yes that's a possibility. I do believe that probably will be cured by possession use
10 though.

11 Q. All right. We think that you have leased everybody who appears to be claiming current
12 ownership of all property in these three units. Is that correct?

13 A. That is correct.

14 Q. You are not aware of any active claim by anybody else who says that they own an
15 unleased interest in any of these three units?

16 A. I am not aware of that.

17 Q. Have you read the three petitions in these matters?

18 A. Yes I have.

19 Q. Are the allegations in those petitions correct?

20 A. They are correct, yes.

21 Q. Are you familiar with the Alabama statutory definition of waste?

22 A. Yes.

23 Q. In your opinion would the granting of these three petitions prevent waste and protect the
24 correlative rights of all interested parties?

25 A. Yes.

26 MR. ARMBRECHT: Mr. Chairman, I have no further questions. I tender the witness
27 for any questions the Board or staff may have.

28 MR. DAMPIER: Mrs. Pritchett, Dr. Tew and staff, does anybody have any questions?

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TY ADAMS

EXAMINATION BY BOARD/STAFF

Questions by Mr. Rogers:

Q. I have one question. According to the affidavit of testimony you gave, all this interest relates to an owner who died sometime around 1916. Do you know how much interest this person owned in this unit?

MR. ARMBRECHT: In these three units?

Q. If so, what would it be?

A. Yes. At the time of Mr. Holmes it would be approximately--when Mr. Holmes comes in the title it's going to affect 80 acres in two of the units and 40 in a third.

MR. ARMBRECHT: Isn't it 40 in two and 80 in a third?

MR. ADAMS: Switch that around.

MR. ROGERS: Thank you.

MR. DAMPIER: Any further questions?

MRS. PRITCHETT: Mr. Chairman, I move that the consolidated petitions, Items 44, 45 and 46, be granted.

MR. DAMPIER: Second. All in favor.

(Board members Dampier and Pritchett voted "aye")

MR. DAMPIER: The "ayes" have it.

MR. ARMBRECHT: Thank you.

MR. ROGERS: That brings us back to Item 34, Docket No. 12-12-07-25, petition by Union Oil Company of California. Mr. Chairman, we have a letter from Mr. Watson to Dr. Tew relating to this matter dated December 14th. I recommend that be admitted.

MR. DAMPIER: It is admitted.

(Whereupon, the letter was received in evidence)

MR. WATSON: Mr. Chairman, I'm Tom Watson representing Union Oil Company of California requesting the Board to enter an order amending Rule 4 of the Special Field Rules for the Chunchula Fieldwide Unit in Mobile County, Alabama. I have prefiled an affidavit of

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1 testimony in support of the amendment to the Special Field Rules and in particular to amend
2 Rule 4. Our intent is to try to modernize or update the Chunchula field rules. Working with
3 staff we have done that. The affidavit of testimony from Richard Rusch is in support of that. I
4 would ask that the affidavit be admitted. The original affidavit is being delivered this morning
5 to the Board. I have handed up the copy of the affidavit. We have worked on this through
6 yesterday. If you would leave the record open I will have the original to be included in the
7 record.

8 MR. DAMPIER: The affidavit is admitted and the record is left open for the original to
9 be substituted.

10 (Whereupon, the affidavit was received in evidence)

11 MR. WATSON: I request the Board to grant this petition amending the Special Field
12 Rules, particularly Rule 4, for the Chunchula Fieldwide Oil Unit.

13 MR. ROGERS: I have seen that original.

14 MR. WATSON: We have changed that as of yesterday, Mr. Rogers. The staff had
15 wanted the affidavit to reflect a couple of changes. I have that coming. The one that I have
16 handed up to you is a copy of the original that is in route to the Board now.

17 MR. DAMPIER: Does anybody have any questions, Mrs. Pritchett, Dr. Tew or the
18 staff? No questions.

19 MRS. PRITCHETT: Mr. Chairman, I move that the petition be granted.

20 MR. DAMPIER: Second. All in favor.

21 (Board members Dampier and Pritchett voted "aye")

22 MR. DAMPIER: The "ayes" have it.

23 MR. ROGERS: The next item is Item 38, Docket No. 12-12-07-29A, petition by
24 Energen Resources Corporation.

25 MR. DAMPIER: Do we have other interested parties on this matter that will be asking
26 questions? If so, step up to the front, please, and get a seat at the table.

27 MR. WATSON: I have two witnesses, Mr. Chairman, and would like to have them
28 sworn in, please.

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

2 MR. BYERLY: Ben Byerly, 605 Arrington Blvd. North, Birmingham, Alabama.

3 MR. COLLINS: Tommy Collins, 35 County Road 488, Calhoun City, Mississippi.

4 (Witnesses were sworn by Mr. Rogers)

5 MR. DAMPIER: Mr. Watson, I notice that you have several items on the docket for
6 Energen today. I am wondering which ones of those might be related that could be
7 consolidated.

8 MR. WATSON: The first two items, items bearing Docket No. 12-12-07-29 and 12-12-
9 07-30, I request that those be consolidated for hearing purposes.

10 MR. DAMPIER: They are consolidated.

11 MR. WATSON: In that connection, I ask that you receive into the record of the hearing
12 the prefiled affidavits of notice in those two items.

13 MR. DAMPIER: They are admitted.

14 (Whereupon, the affidavits were received in evidence)

15 MR. WATSON: I have handed up to you, members of the Board and staff, and made
16 available to the public a little map of the State of Alabama. On this map you will see three red
17 dots that represent the subject matter of the hearing today. Let me just very briefly concentrate
18 on the first consolidated item here. That's on the Poole 1-5 No. 1 Well located in Greene
19 County, Alabama. We are asking the Board in this petition to approve a 320-acre wildcat
20 drilling unit for the Poole 1-5 No. 1 Well to allow Energen to drill a horizontal or lateral well
21 into the Paleozoic shales in Greene County. Now, just a mile from this site is the Tuscaloosa
22 County line and you can see very close to Pickens, Lamar and Fayette Counties. If we were
23 drilling this well in either Tuscaloosa, Pickens, Lamar or Fayette Counties we could have
24 permitted this well administratively on a 320-acre wildcat drilling unit. Being in Greene
25 County the wildcat rules call for 40 acres, 40 acre wildcat drilling. This well or the Poole 1-5
26 as the testimony will show will be a 9,500 foot well drilled vertically. Off that vertical well will
27 be a lateral well drilled. The company cannot drill a 3,000 foot lateral as the evidence will
28 show on a 40-acre wildcat drilling unit. We are not asking the Board today to establish a

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1 production unit. We are simply asking for a wildcat drilling unit of 320 acres consisting of the
2 North Half of Section 1. Our evidence and testimony through the geologist will indicate
3 exactly what our plans are. In that 320-acre unit we will have outstanding tracts and interests
4 that have not yet been leased, approximately eight acres out of 320 acres. We are asking you to
5 force pool those tracts and interests without the imposition of the risk compensation fee. Our
6 expected date to commence this well if the Board sees fit to approve this is timely. It will be
7 followed up timely. With that brief introduction, I would like to qualify my two witnesses. My
8 first witness is Ben Byerly. I would ask Mr. Byerly to give us a brief resume of his background
9 and educational experience.

10 MR. BYERLY: I received a Bachelor of Science Degree in Geology from the
11 University of North Carolina in 1983, a Master of Science Degree in Geology from the
12 University of Alabama in 1987 and a Master of Business Administration Degree from the
13 University of Alabama in 1996. From 1987 to 1996 I worked as an independent geologist
14 primarily in the Black Warrior Basin but also in the Denver Julesburg Basin in Colorado. From
15 1996 until 2000 I worked for Southern Natural Gas Company, a subsidiary of Sonat Inc., which
16 in 1999 was merged into El Paso Corporation. As a principal analyst for Southern Natural Gas
17 and its subsidiaries including Sea Robin Pipeline and Southern LNG, I was responsible for
18 geologic, financial rates and regulatory evaluation of capital projects. I joined Energen
19 Resources Corporation in 2006 where my title is Lead Geologist. At Energen my primary
20 responsibilities have been to evaluate the geology and the economic viability of shale gas
21 resources including Alabama shales in Energen's joint venture with Chesapeake Energy
22 Corporation.

23 MR. WATSON: Mr. Byerly, have you prepared exhibits in support of the request that I
24 have described here today?

25 MR. BYERLY: Yes. I have prepared four exhibits.

26 MR. WATSON: My witness for the force pooling is Tommy Collins. Mr. Collins,
27 would you please give the Board a brief summary of your background and work experience?

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1 MR. COLLINS: I attended and worked on undergraduate work at the University of
2 Mississippi in 1971. In April of 1978 I began working for Mr. W. W. Beckett and worked for
3 him until April of 1994, under Beckett Oil and Gas. I worked again for Beckett Oil and Gas
4 beginning in December 2005 to the present as a petroleum landman. I trained under Mr.
5 Beckett and worked for his clients throughout those 18 years to the present. I am working on
6 this project. I have extensive mineral title development experience, title curative, due diligence,
7 settling surface damages, served as a lead broker and all the duties associated with the land
8 work I have performed for the clients of the Beckett's for those some 18 years.

9 MR. WATSON: Mr. Collins, are you familiar with the ownership in the 320-acre
10 wildcat drilling unit consisting of the North Half of Section 1, Township 23 North, Range 3
11 East, Greene County, Alabama?

12 MR. COLLINS: Yes sir.

13 MR. WATSON: I tender Mr. Byerly and Mr. Collins as expert witnesses for giving
14 testimony in these consolidated items, Mr. Chairman.

15 MR. DAMPIER: They are so recognized.

16 MR. WATSON: My first witness will be Mr. Byerly, my geologist.

17 BEN BYERLY

18 Appearing as a witness on behalf of Petitioner, Energen Resources Corporation, testified
19 as follows:

20 DIRECT EXAMINATION

21 Questions by Mr. Watson:

22 Q. Mr. Byerly, I have handed up a booklet of exhibits that you have prepared. Turn in the
23 booklet to your first exhibit which is an OGB-1, a permit application. Tell the Board
24 why you have included this OGB-1 in your exhibit booklet.

25 A. I have included a completed although not yet approved OGB-1, an application for
26 permit, to show the intended reservoir, the proposed 320-acre wildcat drilling unit for
27 the Poole 1-5 No. 1 Well as the Paleozoic. The unit would consist of the North Half of
28 Section 1, Township 23 North, Range 3 East in Greene County. The nearest distance to

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1 an exterior unit line would be 744 feet, making this a regular location within the
2 boundaries of a 320-acre wildcat drilling unit. As shown on the application, the Poole
3 1-5 well has a proposed depth of 9,500 feet. Based on nearby well control and
4 Energen's proprietary seismic we believe that a depth of 9,500 feet will allow Energen
5 the opportunity to evaluate Paleozoic shales in this wildcat well.

6 Q. Then this Greene County wildcat well will not be drilled into the Conasauga Formation.
7 Does this mean that the Conasauga Formation is not present at this proposed location in
8 Greene County, Mr. Byerly?

9 A. The older Conasauga shale has been the target of shale exploration in the Appalachian
10 Fold and Fault Region primary in St. Clair County. If present here in Green County the
11 Conasauga would be at great depth. In our opinion, in the Black Warrior Basin Region
12 younger Paleozoic shales such as the Floyd are the primary targets.

13 Q. Does Energen plan to evaluate these shales in this wellbore?

14 A. Yes but only as an initial step in our appraisal. Once we have analyzed core and
15 petrophysical data from the 9,500 foot vertical well we plan to ask the Oil and Gas
16 Board Supervisor to approve the drilling of an approximate 3,000 foot lateral from this
17 vertical wellbore as our next step in the appraisal of these shales. I will have more on
18 that later.

19 Q. Turn in the booklet then, Mr. Byerly, to Exhibit No. 2. Tell the Board what is shown on
20 this exhibit, please.

21 A. Exhibit No. 2 is a surveyed permit plat for the proposed Poole 1-5 well. The proposed
22 location is a regular location with regard to required setbacks from unit boundaries for
23 both a 320-acre wildcat drilling unit as well as an alternate 40-acre wildcat drilling unit
24 which occupies the southwest 40 acres of the proposed unit. The closest distances of the
25 proposed 320-acre unit boundaries are 744 feet from the West line and 797 feet from the
26 South line.

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1 Q. Mr. Byerly, the Board has heard that wells drilled as shale tests in other parts of the state
2 have shown significant wellbore deviation. Do you expect the well path to deviate in
3 the Poole 1-5 No. 1?

4 A. Yes. Energen's intent is to drill a vertical well in order to evaluate the feasibility of
5 drilling a horizontal lateral into the shale, however, some shale test wells in nearby
6 Pickens County have had significantly deviated well paths. On an average the degree of
7 deviation in Pickens County has not been as severe as that experienced in the
8 Appalachian Fold and Fault Belt such as in St. Clair County, an area which also
9 includes Big Canoe Creek Field.

10 Q. Are you aware of any specific incidence of significant borehole deviation in Pickens
11 County?

12 A. Yes. Murphy E&P Company's Junkin Family 25-4 No. 1, Permit No. 14289, deviated
13 to the northeast reaching a maximum angle of 13.5 degrees from the vertical. As a
14 result, the well drifted off its 40-acre wildcat spacing unit and had to be temporarily
15 abandoned in December of 2005. This northeast drift reflected the well's tendency to
16 drift along northeast dipping zones of weakness or fractures associated with similar
17 trending down-to-the-northeast normal faults.

18 Q. In your opinion, Mr. Byerly, if the Murphy well had been permitted on a 320-acre
19 wildcat drilling unit would it have likely remained on the drilling unit?

20 A. In my opinion, yes.

21 Q. Has Energen considered the likelihood of a similar well path deviation for the Poole 1-5
22 No. 1 Well?

23 A. Yes. Based on the expected northeast dipping fractures in this part of the Black Warrior
24 Basin, we expect the well path to drift northeast. For this reason we believe a well
25 positioned in the southwest corner of the proposed drilling unit will be most likely to
26 stay within the regular setbacks of a 320-acre drilling unit at total depth.

27 Q. The Board's activity reports that are available to the public indicate the wells that are
28 drilled in Pickens County and they have encountered drilling difficulties including on

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1 more than one occasion drill pipe getting stuck in the hole. In your opinion, will
2 Energen face similar challenges with pipe getting stuck?

3 A. Yes. The deviation experienced in Pickens County resulted in part due to the need to
4 collect cores. This slowing of drilling operations allows the wellbore to deteriorate.
5 Swelling clays and uphole shale cavings were the primary causes of wellbore deviation-
6 -excuse me, deterioration. The cause core evaluation is critical to understanding the
7 potential of these shales; delays in borehole deviation and again deterioration are
8 possibly an unavoidable part of our appraisal process.

9 Q. Considering that Energen would prefer to have a vertical hole from which it plans to
10 launch your horizontal lateral, what measures will the company take to attempt to drill
11 such a vertical hole?

12 A. Energen plans to make every reasonable effort to ensure a vertical well path. We will
13 take regular measurements of borehole deviation including azimuth so that we can take
14 action should the well begin to deviate including remedial straightening of the wellbore.
15 We will rotate the bit at a high rate and reduce weight on the bit as needed to
16 accomplish this goal.

17 Q. What drilling rig do you plan to use on this well, Mr. Byerly?

18 A. Energen plans to use Patterson UTI Rig 98. The rate of depth is 17,000 feet. Energen is
19 familiar with this rig and its crew. They are very capable. The rig is equipped with
20 three engines rated 600 horsepower each, 1,100 horsepower draw works, more than
21 750,000 pounds of hook load capacity and has a sufficient derrick height to pull three
22 joints of drill pipe at a time.

23 Q. Given the size of this rig, one with a higher rated depth than the typical rig used in the
24 Black Warrior Basin, do you expect to drill a fairly vertical hole?

25 A. No. Let me be clear about this point. We are still as likely to drill a deviated hole with
26 this larger rig as we would with the smaller rig. A rig like this only gives us the
27 opportunity to stay out of trouble and by that I mean to decrease the chance of drill pipe
28 getting stuck in the hole.

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- 1 Q. Turn to your Exhibit No. 3, Mr. Byerly, and as you go through it with the Board please
2 explain what is shown on the exhibit.
- 3 A. The inset map at the upper left identifies the position of the proposed location for the
4 Poole 1-5 No. 1 Well as being in the far northeast corner of Greene County.
- 5 Q. Is the basic stratigraphic column in northern Greene County the same as found in nearby
6 Pickens and Tuscaloosa Counties in which the Board's statewide rules allow 320-acre
7 wildcat spacing?
- 8 A. Yes. As was mentioned earlier, the Tuscaloosa County line is just one mile to the north
9 of this location. As with all of Pickens County and nearly all of Tuscaloosa County, this
10 portion of Greene County sets within the boundaries of the Black Warrior Basin. The
11 Poole well should encounter typical Black Warrior Basin strata including Cretaceous,
12 Pennsylvania, Mississippian and Devonian aged formations.
- 13 Q. Continue with your description of Exhibit No. 3, Mr. Byerly.
- 14 A. Exhibit No. 3 consists of a topographic map of this drilling unit and surrounding area
15 with the probable orientation of a horizontal well path superimposed. The larger red
16 outline is the proposed 320-acre drilling unit. The small red rectangle inside the 320-
17 acre drilling unit identifies the boundary of regular setbacks, 660 feet within the
18 proposed unit. The dashed black and white line shows an alternate 40-acre unit. This
19 diagram shows: (1) the surface location with the red dot and expected location for the
20 500 foot build or curve between the vertical and the lateral; (2) the heel location of the
21 lateral and (3) the toe location of the lateral. Please note the planned toe or terminus of
22 the lateral would be within the regular setbacks of a 320-acre wildcat unit. As shown,
23 the lateral would traverse most of the north half of the unit or approximately 3,000
24 lateral feet. As I noted earlier, once the shale is quantified by core and petrophysical
25 analysis from the vertical well our plans call for drilling this horizontal lateral. It is our
26 opinion that the potential of the shale in this early exploration phase would be best
27 evaluated by a lateral wellbore. Therefore, we plan to seek necessary approvals to

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1 commence with the horizontal phase of the development of this unit within a minimum
2 timeframe.

3 Q. Let's go to your last exhibit, Exhibit No. 4. This is a letter from Terry Valentine to the
4 Board's engineer, Richard Raymond. Describe what is in this letter, please.

5 A. This final exhibit describes Energen's planned drilling procedure for the Poole well.
6 We wish to emphasize Energen's commitment to proceed in a workmanlike manner to
7 drill this directional hole as soon as the data from the vertical well can be analyzed. I
8 would like to emphasize the underlying phrase in Point No. 8 of the letter. A directional
9 drilling program complete with a drilling diagram will be submitted for approval prior
10 to commencing the lateral portion of the well. Before Energen proceeds with a
11 directional well we will seek all necessary approvals from the Oil and Gas Board
12 Supervisor.

13 MR. WATSON: My next witness, Tommy Collins, has testified and you have accepted
14 him as an expert petroleum landman.

15 TOMMY COLLINS

16 Appearing as a witness on behalf of Petitioner, Energen Resources Corporation, testified
17 as follows:

18 DIRECT EXAMINATION

19 Questions by Mr. Watson:

20 Q. Mr. Collins, it is my information from you that in this 320-acre unit for the Poole 1-5
21 No. 1 Well that there are owners or claimants of 8.85714 net mineral acres or
22 approximately 2.76 percent of the unit that have yet to voluntarily agree to pool their
23 interest in the drilling of this well. Is that correct?

24 A. Yes, that's correct.

25 Q. Of these owners and claimants of the 8.8 plus acres, have you been able to identify all of
26 the owners?

27 A. Yes we have identified the owners.

28 Q. Have you made an attempt to lease all of those owners?

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1 A. All but two, one whose whereabouts is unknown and an entity that is no longer in
2 business, a defunct organization.

3 Q. Let's talk about those just a minute. Talk first of all about the defunct entity that you
4 have just mentioned here. Tell us what that defunct entity would own and its status.

5 Q. They own one acre or 100 percent surface and minerals. They are the Mosaic Temple
6 of America. We found it on the Internet. We could not find any information anywhere.
7 There was an old building. We talked to folks about that and knew what the use was.
8 It's a fraternal organization we found out on the Internet for providing burial insurance
9 and life insurance to its members, operating out of Little Rock, Arkansas. It was
10 established in 1882 as a fraternal organization. There is a Mosaic Templar's Building
11 Preservation Society there to preserve the headquarters building as an Arkansas African
12 American history center plus they have established the state Mosaic Templar's Cultural
13 Center. It is a state organization in Arkansas. I spoke with Mr. Blake Winfrey who is
14 the Director of Research and Interpretation familiar with this organization. He tells me
15 that during the depression they were in and out of receivership several times in Arkansas
16 and in Alabama and some of the other states and eventually went broke, eventually went
17 out of business. They claim no ownership in this; have no ownership in it, no color of
18 title. Mr. Winfrey says that they do not own any property other than the headquarters
19 building and that is just as a museum. We searched the records in Montgomery, one of
20 my brokers did, and we found a three-by-five card with the Mosaic Temple of America
21 written on it but there was no other information. We looked for receivership
22 information and could not find any it was so old.

23 Q. Mr. Collins, what about the other party?

24 A. The other party is Theresa Parham. We relied on information from her mother. We
25 then did several searches. We talked to other family members. Her whereabouts is
26 unknown. We have her last known address as down in Moundville. They have been
27 unable to contact her. They have tried the Red Cross with no result. We have searched
28 the Internet. We have searched ancestry.com. We have searched the other search

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1 engines and we got very few hits on that name. None of them worked out to be this
2 person. We just have been unable to find this person. The family has been unable to
3 tell us where this person is.

4 Q. In all other instances for those owners of the tracts or interests that are not yet leased,
5 have you made them offers as good or better than those that you made to those parties
6 who did, in fact, lease?

7 A. Yes we have.

8 Q. Have you made a diligent effort to secure leases from these parties that have yet to
9 lease?

10 A. Yes we certainly have.

11 MR. WATSON: Let me ask you first, Mr. Byerly, if you are familiar with the term
12 waste as that term is defined in the Alabama Oil and Gas laws?

13 MR. BYERLY: Yes.

14 MR. WATSON: In your opinion would the granting of this petition for the Poole 1-5
15 No. 1 Well prevent waste and protect the correlative rights of all owners in the 320-acre wildcat
16 drilling unit?

17 MR. BYERLY: Yes it would.

18 MR. WATSON: Mr. Collins, I ask you the same question. Would the force pooling of
19 these tracts and interests in this 320-acre wildcat drilling unit prevent waste as that term is
20 defined in the oil and gas laws of Alabama?

21 MR. COLLINS: Yes I believe that.

22 MR. WATSON: Would the granting of the force pooling, without the imposition of the
23 risk compensation fee, protect the correlative rights of all owners in the 320-acre wildcat
24 drilling unit?

25 MR. COLLINS: Yes.

26 MR. WATSON: Mr. Chairman, I would ask that you receive into evidence Exhibits 1
27 through 4 to the testimony of Mr. Byerly.

28 MR. DAMPIER: Those exhibits are admitted.

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1 (Whereupon, the exhibits were received in evidence)

2 MR. WATSON: I tender my witnesses to you for any questions you have on these
3 matters.

4 MR. DAMPIER: Mrs. Pritchett.

5 TOMMY COLLINS

6 EXAMINATION BY BOARD/STAFF

7 Questions by Mrs. Pritchett:

8 Q. Mr. Collins, I do have one question. Your affidavit of notice indicates that notice was
9 sent also to the Green County Commission. Does Greene County have some interest in
10 this property and if so could you explain what it is?

11 A. They have since leased.

12 MRS. PRITCHETT: Thank you.

13 MR. DAMPIER: Any further questions from Dr. Tew or the staff?

14 BEN BYERLY

15 EXAMINATION BY BOARD/STAFF

16 Questions by Dr. Tew:

17 Q. Mr. Byerly, I believe it was your testimony that during the drilling of this vertical hole
18 you would be collecting core and other rock data and then there would be a period of
19 evaluation once this vertical hole was completed. Do you have any sense of the
20 duration, the timeframe that this evaluation process might take before you would start
21 the lateral?

22 A. It could be anywhere from possibly two weeks to a few weeks, maybe several weeks.

23 Q. Weeks rather than months.

24 A. Weeks, not months.

25 DR. TEW: Thank you.

26 MR. DAMPIER: Any further questions?

27 MR. ROGERS: Mr. Chairman, this map needs to be signed. Normally we have the
28 exhibits signed.

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1 MR. WATSON: Do you want me to sign it since I talked about it.

2 MR. ROGERS: Mr. Byerly, I suppose, since he is the geologist.

3 (Whereupon, the map was received in evidence)

4 Questions by Mr. McQuillan:

5 Q. Mr. Byerly, in your Exhibits 2 and 3 you show an alternate unit as the southwest quarter
6 of the northwest quarter. In the OGB-1, just a small correction, it is described there as
7 the southwest of the northeast.

8 A. That should be corrected.

9 MR. DAMPIER: Any further questions?

10 MR. WATSON: That's all we have, Mr. Chairman.

11 MRS. PRITCHETT: Mr. Chairman, I move that consolidated petitions, Items 38 and
12 39, be granted.

13 MR. DAMPIER: Second. All in favor.

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

15 MR. DAMPIER: "Ayes" have it.

16 MR. ROGERS: The next item is Item 40, Docket No. 12-12-07-31, petition by Energen
17 Resources Corporation.

18 MR. WATSON: I will excuse my landman witness and if it is permissible, Mr.
19 Chairman, and remind my geological witness, Mr. Byerly, that he remains under oath for the
20 purpose of giving testimony in this item.

21 MR. DAMPIER: Yes, thank you.

22 BEN BYERLY

23 Appearing as a witness on behalf of Petitioner, Energy Resources Corporation, testified
24 as follows:

25 DIRECT EXAMINATION

26 Questions by Mr. Watson:

27 Q. Mr. Byerly, have you prepared exhibits in support of a request for the drilling of the
28 Krout 10-14 No. 1 Well located in Bibb County, Alabama?

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1 A. Yes I have prepared four exhibits in support of this petition.

2 Q. Are you familiar with the geology in and around this proposed well?

3 A. Yes I am.

4 Q. Turn in your booklet of exhibits to Exhibit No. 1. There is a table of contents for these
5 exhibits. Turn to Exhibit No. 1 and tell us what is shown on that exhibit, Mr. Byerly,

6 A. The purpose of Exhibit No. 1 is to frame the geologic setting found in the Big Canoe
7 Creek Field area. As we intend to show later, the geologic setting of Big Canoe Creek
8 Field is very similar to what we expect to encounter in Bibb County. Starting in the
9 upper right-hand corner of Exhibit No. 1, the State Geologic Map of Alabama, Special
10 Map 220, is used to index the location of the Big Canoe Creek Valley area relative to
11 the rest of the state. On the larger map the outline of the Big Canoe Creek Field that
12 was established by the Board on February 16, 2007, has been superimposed on a larger
13 modified version of this same map. As depicted by a pale orange pattern the
14 outcropping Conasauga shale extends from St. Clair Springs in the southwest in St.
15 Clair County to Gadsden in the northeast in Etowah County. A line of cross section is
16 also shown on the larger map. We have modified the state map to include the term
17 "deformed Conasauga."

18 Q. Would you describe for the Board what you mean by deformed Conasauga shale?

19 A. The Conasauga Shale Formation was originally deposited as flat-line strata during the
20 Cambrian with a later southeast-to-northwest translation of the Appalachian Thrust Belt.
21 The relatively thin but ductile Conasauga was structurally deformed as it was mobilized
22 and in certain areas thickened many times its original thickness. As a result of the
23 southeast-to-northwest deformation the current day Conasauga within the Big Canoe
24 Creek area has a southeast dipping structural grain. The presence of this overall steep
25 southeast dip has been supported by (1) Dominion Black Warrior Basin, Inc. in its
26 testimony concerning Big Canoe Creek Field, and (2) by Energen's own field analysis
27 as presented to the Board in its April 13, 2007, meeting.

28 Q. Explain the cross section A-A' at the bottom of this page.

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1 A. Modified cross section A-A' is from work by Thomas and Bayona in Monograph 16, a
2 2005 publication of the Geological Survey of Alabama, which was based on a 2001
3 paper by Thomas contained in the American Association of Petroleum Geologist
4 Bulletin, Volume 85. This paper contains a seismic reflection profile across Big Canoe
5 Creek Valley. On the cross section legend please note the deformed Conasauga shale is
6 depicted in pink with what I would call a tilted Z pattern. Faults are identified by red
7 lines. You will note Wills Valley, Big Canoe Valley, Dunaway Mountain, Rome,
8 Helena, Eden and Pell City, all pointing to the complexity of this area. Undeformed
9 Cambrian in pink consists of other less ductile older Cambrian formations. Other
10 colored intervals, yellow, maroon and blue, represent younger Ordovician through
11 Pennsylvanian Paleozoic strata.

12 Q. Does Energen's interpretation of the Big Canoe Creek Field area coincide with the
13 geology depicted in the cross section A-A'?

14 A. Yes.

15 Q. Would you please explain the repeated succession of strata on the right-hand side of the
16 cross section?

17 A. As I mentioned, this is a complex area. These repeated sections represent thrust sheets
18 which are separated by red-colored and named thrust faults. The tectonic forces which
19 created the fold and fault region in Alabama that is so noticeable at the surface in St.
20 Clair County also controlled the internal structure of the deformed Conasauga shale at
21 depth.

22 MR. WATSON: Mr. Chairman, before we get into the specifics of my request for a
23 320-acre wildcat drilling unit for the West Half of Section 10, Township 22 North, Range 9
24 East, in Bibb County, Alabama, as an exception to Rule 400-1-2-.02(2) of the Oil and Gas
25 Board Administrative Code, I would like to ask you to receive into the record of this hearing the
26 prefiled affidavit of notice in this matter.

27 MR. DAMPIER: That notice is admitted.

28 (Whereupon, the affidavit was received in evidence)

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1 Q. Energen proposes to drill the Krout 10-14 No. 1 Well on a 320-acre wildcat drilling unit
2 consisting of the West Half of Section 10, Township 22 North, Range 9 East and we
3 will discuss that now, starting specifically to discuss that proposed well with your
4 Exhibit No. 2. Turn to your Exhibit No. 2 entitled, local geologic setting. Describe the
5 information shown on this exhibit, please.

6 A. Exhibit No. 2 shows the geologic setting around the proposed 12,000 foot Krout 10-14
7 No. 1 Well in Bibb County. As with Exhibit No. 1 we utilized the state Geologic Map
8 of Alabama and a cross section based on Monograph 16 to depict Energen's
9 interpretation of the deformed Conasauga in this area. You will note that the Cretaceous
10 depicted in green on the map is not on the cross section because Monograph 16 was
11 only concerned with the analysis of Paleozoic strata. As in the Big Canoe Creek area
12 the style of deformation shown in cross section B-B' is confirmed by our proprietary
13 seismic interpretation. As depicted, we expect to encounter the top of the deformed
14 Conasauga below the Helena fault in the Krout well. The Helena thrust is regional in
15 scale and trends northeast.

16 Q. Mr. Byerly, I'm going to divert here just a minute with a question. In Dr. Thomas'
17 Monograph that you discussed there, he used seismic to depict the deformed Conasauga,
18 did he not?

19 A. He did in the 2001 paper and that information was used in Monograph 16.

20 Q. That's a public paper, is it not?

21 A. Both those papers are publicly available.

22 Q. Shown on our Exhibit 2 is the No. 1 Goodson 9-7 well located as I see it approximately
23 a mile from the proposed Krout 10-14 No. 1 Well. How does the Goodson well fit into
24 this local geological setting?

25 A. The Goodson well was drilled by ARCO in 1985 and plugged in 1986 after reaching a
26 total depth of 11,200 feet. After penetrating the Helena thrust fault at approximately
27 4,100 feet the well penetrated a normal section of the Cahaba Basin strata and reached
28 total depth in the Knox. The well did not encounter the Conasauga shale. The Goodson

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1 was re-entered in 1987 by Cahaba Basin Oil and Gas. Their attempts to economically
2 complete the subthrust Tuscomb limestone in a Pennsylvanian sand were
3 unsuccessful.

4 Q. Given this information, what conclusions do you make, Mr. Byerly, regarding the
5 comparison of the geologic setting between Big Canoe Creek Field and the area
6 surrounding that field and the area of the proposed Krout 10-14 No. 1 Well?

7 A. I would conclude that the two areas have a like geologic setting. The evaluation of
8 publications of the Geological Survey of Alabama and AAPG and interpretation of
9 Energen's proprietary seismic support this conclusion. The similarity in geologic
10 setting between the Big Canoe Creek Valley including the Big Canoe Creek Field area
11 and the area of the Krout 10-14 No. 1 in our opinion is the result of a similar and
12 coincident geologic history. For these reasons we believe structurally thickened
13 Conasauga exist in the area of the Krout well and will have a predominant southeast
14 dripping structural grain.

15 Q. Turn in the booklet to Exhibit No. 3. This has previously been presented to the Board
16 so I will ask you to describe the information shown on this exhibit and tell us why you
17 have included it in your booklet of exhibits.

18 A. To explain Exhibit No. 3, I would first like to recall a portion of the Special Field Rules
19 for the Big Canoe Creek Field. The field rules state that the structural geology that
20 produces unique reservoir characteristics of this resource makes a physical process of
21 drilling wellbores challenging and difficult. You will recognize our Exhibit No. 3 as
22 one of Dominion's exhibits that was presented to the Board at the hearing in Ashville
23 earlier this year. The challenging and difficult aspects of drilling in the deformed
24 Conasauga are clearly recognized in the tendency of the drill bit and well path to walk
25 or deviate from the vertical. The horizontal distance from an imaginary vertical line
26 under the surface location to the bottom hole location, sometimes called the closure,
27 approaches or exceeds 660 feet in seven of the eight wells on this exhibit, 660 feet being
28 the length of a regular spacing window for a 40-acre wildcat unit. Energen's

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1 examination of records determines that newer wellbores continue to drift at Big Canoe
2 Creek. Using all information available to us, we found eight of ten wells had more than
3 660 feet of closure and nine of ten wells had more than 600 feet of closure.

4 Q. Does this mean that you expect the Krout 10-14 well in Bibb County to drill like the
5 wells in St. Clair County in the Conasauga shale?

6 A. Yes. Dominion's experience has been that wells deviate beyond their regular limits for
7 setbacks of a 40-acre unit in the Conasauga. We expect the well in Bibb County drilled
8 in the Conasauga to also deviate.

9 Q. You stated that Energen plans to drill the Krout well to 12,000 feet. The deepest wells
10 at Big Canoe Creek were TD's at approximately 9,000 feet. Based on Dominion's
11 exhibit what would be the closure at 12,000 feet in the proposed Krout 10-14 well?

12 A. Based on Dominion's most likely or typical projected well path and our own
13 expectations, it is reasonable to assume that the closure at 12,000 feet could be greater
14 than 1,320 feet. Energen anticipates that a well drilled to 12,000 feet at our Krout 10-14
15 No. 1 Well located in Bibb County would be more likely to remain within the regular
16 setbacks on a 320-acre wildcat drilling unit than it would on a 40-acre wildcat drilling
17 unit.

18 Q. Given the size of that Patterson UTI Rig 98 which is larger than those typically used in
19 north Alabama and which I understand has been contracted to drill this well, do you
20 expect to approximate a vertical hole in this drilling?

21 A. No. Again, let me be clear about this point. We are still as likely to drill a deviated hole
22 with this larger rig as we would with a smaller one. A rig like this gives us the
23 opportunity to stay out of trouble. By that I mean decrease the chance of drill pipe
24 getting stuck in the hole.

25 Q. Turn to Exhibit No. 4, Mr. Byerly. Describe for the Board what is shown on this
26 exhibit.

27 A. Exhibit No. 4 is a survey plat of the proposed location for the Krout well showing its
28 position within the 320-acre wildcat drilling unit shown in red being the West Half of

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1 Section 10, Township 22 North, Range 9 East in Bibb County. The location of the
2 alternate 40-acre unit and setbacks from section and unit lines are also shown. The
3 location is a regular location for a 320-acre drilling unit having setbacks of 671 feet
4 from the South line of the proposed unit and 719 feet from the East line of that unit.

5 Q. As proposed, the Krout 10-14 being located in the southeast of the southwest in that
6 west half or stand-up 320-acre unit, tell us, do you expect that to give them this well at
7 the 12,000 feet of maximum latitude to explore the Conasauga in this unit?

8 A. Yes. Based upon my understanding of the geology near the Krout 10-14 No. 1 we
9 believe that the wellbore is likely to deviate to the northwest as the drill bit encounters
10 high angle southeast dipping bedding planes in the Conasauga. For this reason we have
11 positioned the Krout 10-14 in the southeast quarter-quarter of this unit so as to
12 maximize the window of opportunity for the wellbore which is expected to drift to the
13 northwest as it approaches a total depth of 12,000 feet.

14 Q. When does Energen expect to drill this well, Mr. Byerly?

15 A. We are expecting to spud this well in January, this coming January.

16 Q. All right, sir.

17 MR. WATSON: Mr. Chairman, I would ask that you receive into the record of this
18 hearing Exhibits 1 through 4 to the testimony of Mr. Byerly.

19 MR. DAMPIER: The exhibits are admitted.

20 (Whereupon, the exhibits were received in evidence)

21 Q. Mr. Byerly, would the granting of this petition approving this 320-acre wildcat drilling
22 unit for the Krout 10-14 No. 1 Well prevent waste as that term is defined in the Oil and
23 Gas Laws of Alabama?

24 A. Yes.

25 Q. Would it also protect the correlative rights of all owners in that 320-acre wildcat drilling
26 unit?

27 A. Yes.

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1 MR. WATSON: I tender Mr. Byerly to the Board and staff for any questions you have
2 on this item.

3 MR. DAMPIER: Mrs. Pritchett, Dr. Tew or the staff, do you have any questions?

4 MRS. PRITCHETT: Mr. Chairman, I move that the petition be granted.

5 MR. DAMPIER: Second. All in favor say "aye."

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

7 MR. DAMPIER: "Ayes" have it.

8 MR. ROGERS: The next item is Item 41, Docket No. 12-12-07-32, a petition by
9 Palmer Petroleum, Inc.

10 MR. WATSON: Mr. Chairman, I would ask that that item be continued to your next
11 regular meeting in February.

12 MR. DAMPIER: Are there any objections? Hearing none, that item is continued.

13 MR. ROGERS: The next item is Item 42, Docket No. 12-12-07-33, petition by Energen
14 Resources Corporation.

15 MR. WATSON: Mr. Chairman, would you please consolidate Docket Nos. 12-12-07-
16 33 and 12-12-07-34 for hearing purposes.

17 MR. DAMPIER: Those docket numbers, Items No. 42 and 43, are consolidated.

18 MR. WATSON: Also, received into the record of this hearing the prefiled affidavits of
19 notice in these consolidated items.

20 MR. DAMPIER: They are admitted.

21 (Whereupon, the affidavits were received in evidence)

22 MR. WATSON: Energen is requesting in these consolidated items that the Board
23 approve a 320-acre wildcat drilling unit, again in Bibb County. We are also asking the Board to
24 approve an exceptional location for the Marchant 22-16 No. 1 well. If you refer back to the
25 exhibit, the State of Alabama map, you will see that we have two red dots in Bibb County, one
26 in the northern part of Bibb County and one in the central to southern part of Bibb County. It is
27 the Marchant well, the northernmost well in Bibb County that we are now going to discuss with

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1 you. Mr. Byerly, I'll remind you that you remain under oath and I assume, Mr. Chairman, that
2 he remains qualified as an expert geological witness?

3 MR. DAMPIER: Yes he will remain qualified throughout his testimony this morning
4 and will remain under oath.

5 BEN BYERLY

6 Appearing as a witness on behalf of Petitioner, Energen Resources Corporation, testified
7 as follows:

8 DIRECT EXAMINATION

9 Questions by Mr. Watson:

10 Q. Mr. Byerly, are you familiar with the local geology around the proposed Marchant 22-
11 16 No. 1 Well?

12 A. Yes.

13 Q. Have you prepared exhibits in support of these petitions that I have just described?

14 A. Yes, I have prepared seven exhibits in support of these petitions.

15 Q. This booklet of exhibits has an index in the front. Turn in your exhibit booklet to
16 Exhibit No. 1 which is the same exhibit that was shown in the booklet of exhibits for the
17 Krout well. Is that correct, Mr. Byerly?

18 A. That is correct.

19 Q. Also, on this Exhibit No. 1 there is a reference to the deformed Conasauga shale.

20 A. That's correct.

21 Q. There is a cross section A-A' at the bottom of the page on this Exhibit No. 1?

22 A. Yes. This is the same exhibit.

23 Q. The same exhibit. You have described that cross section and you have explained the
24 repeated succession of the strata on the right-hand side.

25 A. Yes.

26 MR. WATSON: Mr. Chairman, in the interest of time I would ask that we incorporate
27 by reference Mr. Byerly's testimony as it related to this same exhibit in the previous hearing on
28 the Krout 10-14 No. 1 Well.

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1 MR. DAMPIER: Thank you. That testimony is incorporated by reference.

2 (Whereupon, testimony from Exhibit No. 1 relating to the
3 Krout 10-14 No. 1 Well, Docket No. 12-12-07-31, was
4 incorporated by reference)

5 Q. Let's turn to Exhibit No. 2, Mr. Byerly. Tell the Board what this exhibit is and describe
6 the information shown on the exhibit, please, sir.

7 A. Exhibit No. 2 shows the geologic setting around our proposed 12,000 foot well in Bibb
8 County, the Marchant 22-16 No. 1. As with Exhibit No. 1 we utilized the State
9 Geologic Map and an amended cross section from Monograph 16 to depict Energen's
10 interpretation of the deformed Conasauga in this area. You will note again that the
11 Cretaceous in green on the map is not present on the cross section. Monograph 16 was
12 only concerned with Paleozoic strata. As in the Big Canoe Creek area the style of
13 deformation shown in cross section B-B' is confirmed by Energen's propriory seismic.
14 As depicted in the Marchant 22-16 No. 1, we expect to encounter the top of the
15 deformed Conasauga below the Jones Valley fault, a regional northeast trending thrust
16 fault.

17 Q. Mr. Byerly, what conclusions do you reach regarding the comparison of the geologic
18 setting between Big Canoe Creek and the area of the proposed Marchant 22-16 No. 1?

19 A. The two areas have a like geologic setting. The evaluation of publications of the
20 Geological Survey of Alabama, a report by AAPG, and interpretation of the propriory
21 seismic support this conclusion. The similarity in geologic setting between the two
22 areas, Big Canoe Creek Field and the area of the Marchant 22-16 No. 1, in our opinion
23 is a result of similar and coincident geologic history. For these reasons we believe
24 structurally thickened Conasauga in the area of the Marchant 22-16 will have a
25 predominant southeast dipping structural grain.

26 Q. Turn to Exhibit No. 3, Mr. Byerly. This exhibit is the same exhibit that you testified to
27 in relation to the Krout 10-14 No. 1 Well. It is included in this booklet to show the

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1 latitude needed to drill a 12,000 foot well at the Marchant 22-16 location. Is that
2 correct?

3 A. Yes.

4 MR. WATSON: Mr. Chairman, again, I would ask that we incorporate by reference,
5 since the exhibits are exactly alike, Mr. Byerly's testimony in the Krout 10-14 matter into this
6 hearing.

7 MR. DAMPIER: That testimony is incorporated by reference.

8 (Whereupon, testimony from Exhibit No. 3 relating to the
9 Krout 10-14 No. 1 Well, Docket No.. 12-12-07-31, was
10 incorporated by reference)

11 Q. Turn now, Mr. Byerly, to Exhibit No. 4. As proposed the Marchant 22-16 No. 1 Well is
12 located in the Southeast Quarter of the Southeast Quarter of Section 22 on a north-south
13 elongated or stand-up 320-acre wildcat drilling unit. Is this correct?

14 A. Based on our understanding of the geology near the Marchant well we believe that the
15 Marchant wellbore is likely to deviate to the northwest as the drill bit encounters high
16 angle southeast dipping bedding planes in the Conasauga. For this reason we have
17 positioned the Marchant in the southeast quarter-quarter of Section 22 so as to maximize
18 the window of opportunity for the wellbore which is expected to drift to the northwest
19 as the well approaches a total depth of 12,000 feet.

20 Q. Do the Special Field Rules for the Big Canoe Creek Field support this type of well
21 placement?

22 A. Yes. Those rules stipulate a drilling unit shall consist of a governmental half section
23 elongated in a north-south orientation containing approximately 320 acres. The clear
24 purpose of this rule is to recognize the fact that wells drilled at Big Canoe Creek Field
25 tend to walk up-dip to the northwest.

26 Q. Those wells in Big Canoe Creek and these wells in Bibb County are in the Conasauga
27 formation, right?

28 A. That is correct.

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1 Q. Describe the rest of the information shown on this Exhibit No. 4, Mr. Byerly.

2 A. Exhibit No. 4 is a survey plat of the proposed location showing its position within the
3 proposed 320-acre wildcat drilling unit consisting of the East Half of Section 22,
4 Township 22 South, Range 7 West, Bibb County. The proposed 320-acre unit is
5 outlined in red. The location of an alternate 40-acre unit is also noted. Setbacks from
6 section and unit lines are also shown.

7 Q. Is the proposed location for this well a regular location with regard to the 320-acre
8 wildcat spacing or 320-acre wildcat drilling units as it relates to the boundary setbacks?

9 A. No. The distance of 384 feet to the eastern boundary of this unit is an exception to the
10 spacing rules for 320-acre wildcat drilling units, namely Rule 400-1-2-.02 that specifies
11 a minimum of 660 feet from every exterior boundary of the drilling unit.

12 Q. The next three exhibits are included to demonstrate the topographic conditions as they
13 exist in the East Half of Section 22, Mr. Byerly. Turning to Exhibit No. 5, explain what
14 that exhibit shows.

15 A. Exhibit No. 5 combines our previous exhibit with a topographic map. Please note the
16 presence of a stream just west of the proposed location. The north-south trending
17 stream which is shown in blue is a tributary of Schultz Creek. The probability of high
18 water flow during rain events precludes the placement of this well at a regular location
19 in the southeastern 40 acres of Section 22.

20 Q. Go to Exhibit 6 and describe the information shown on this exhibit.

21 A. The proposed location of the Marchant well is again shown this time on a topographic
22 relief map. I have identified the three locations along the tributary where I took
23 photographs of the steeply incised tributary to Schultz Creek. The photographs are
24 shown on Exhibit 7.

25 Q. All right. Let's go to our Exhibit No. 7. Take us through these series of photographs.

26 A. Photographs 1, 2 and 3 were taken along different portions of the tributary on November
27 20th. Until that day in November rainfall had only approached 1-inch for this area for
28 the month. The photo shows standing to slow-moving water, pooling of water seen in

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1 certain areas near what would be a regular location. In Photograph 2 for example the
2 water depth approaches three feet. We can only assume that based on the depth of the
3 stream incision up to seven feet and the significant pooling of water even during our
4 well publicized drought period that this stream could cause considerable concern during
5 periods of high water flow. Drilling at a regular location would create unduly
6 burdensome drilling conditions and significantly elevate location costs during any rain
7 period. For these topographic reasons we have requested approval of this exceptional
8 location.

9 Q. Mr. Byerly, by drilling on the east side of this little tributary will Energen be in a better
10 position to reach the total depth of 12,000 feet and stay within the boundaries of the
11 320-acre wildcat drilling unit?

12 A. Considering the expected northwest drift, drilling at the proposed location on the eastern
13 side of the tributary gives us the best opportunity for reaching our proposed depth of
14 12,000 feet. Drilling on the western side of the creek would reduce our chance of
15 reaching that total depth if, as we except, the well does drift to the northwest.

16 MR. WATSON: All right sir. Mr. Chairman, I would ask that you receive into
17 evidence Exhibits 1 through 7 to the testimony of Mr. Byerly.

18 MR. DAMPIER: They are admitted.

19 (Whereupon, the exhibits were received in evidence)

20 Q. Mr. Byerly, would the granting of these consolidated petitions approving an exception
21 to the statewide spacing rule of 40 acres and approving a 320-acre wildcat drilling unit
22 for the Marchant 22-16 No. 1 Well at an exceptional location as you have described
23 prevent waste as that term is described in the Oil and Gas Laws of Alabama?

24 A. Yes.

25 Q. Would the correlative rights of all parties in this 320-acre wildcat drilling unit be
26 protected if these petitions are approved?

27 A. Yes.

28 MR. WATSON: I tender the witness to the Board and staff for questions?

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1 MR. DAMPIER: Mrs. Pritchett, Dr. Tew or the staff, do you have any questions? Mr.
2 Masingill.

3 BEN BYERLY

4 EXAMINATION BY BOARD/STAFF

5 Questions by Mr. Masingill

6 Q. Mr. Byerly, just looking at your exceptional location, 384 feet, and if your well walks to
7 the northwest by the time you reach the Conasauga horizon, it very well might even be a
8 regular location. Is it possible?

9 A. That's correct, yes.

10 MR. DAMPIER: Any further questions?

11 DR. TEW: I might just make an observation that this little stream is shown as an
12 intermittent stream on the USGS topographic map here, given that it has water in it at a time
13 when we are 30-inches down on rainfall. You might want to reclassify that.

14 MRS. PRITCHETT: Mr. Chairman, I move that we grant the consolidated petitions,
15 Items No. 42 and 43.

16 MR. DAMPIER: Second. All in favor say "aye."

17 (Board members Dampier and Pritchett voted "aye")

18 MR. DAMPIER: "Ayes" have it.

19 MR. WATSON: Mr. Chairman, before you move on you left the record open for the
20 affidavit, the original copy of the affidavit in the Union Oil matter. I have that with me.

21 MR. DAMPIER: Thank you. We will substitute that now.

22 (Whereupon, the original affidavit relating to item of
23 Union Oil Corporation of California was received in
24 evidence)

25 MR. ROGERS: The next item is Item 51, Docket No. 10-3-07-12, a motion by the
26 Board relating to Energy Recovery Group, LLC. The staff would recommend that that matter
27 be continued.

28 MR. DAMPIER: That matter is continued.

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1 MR. ROGERS: The next item is Item 52, Docket No. 12-12-07-39, another motion by
2 the Board relating to wells operated by Energy Recovery Group, LLC. Again, the Board would
3 recommend that that motion be continued.

4 MR. DAMPIER: That motion is continued.

5 MR. ROGERS: Mr. Chairman, those are all the items on the regular docket.

6 MR. DAMPIER: The regular hearing of the State Oil and Gas is adjourned.

7 (Whereupon, the hearing was adjourned at 11:25 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 Friday, December 14, 2007, in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, I reported the proceedings before the State Oil and Gas Board in Regular Session; that the foregoing 65 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