#### INDEX

	DIRECT RE-DIRECT	CROSS/ RE-CROSS	EXAM. BY BOARD/STAFF
1. Robert Wood	23-26		26
2. Chris Pettus	29-32		32-33

83.07

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Board Exhibit 1	Proofs of Publication Docket No. 6-25-07-1 Docket No. 6-25-07-2 Docket No. 6-25-07-3 Docket No. 6-25-07-4 Docket No. 6-25-07-5 Docket No. 6-25-07-6 Docket No. 6-25-07-7 Docket No. 6-25-07-8 Docket No. 6-25-07-9 Docket No. 6-25-07-10 Docket No. 6-25-07-11 Docket No. 6-25-07-12 Docket No. 6-25-07-13 Docket No. 6-25-07-14	17	18
Board Exhibit 2	Publication posting on Secretary of State Website	18	18
Board Exhibit 3	Hearing Officer Order	18	18
Exhibit 1 (Item 14)	Affidavit of notice (William T. Watson)	19	19
Exhibit 2 (Item 14)	Affidavit of testimony with attachments (Eric L. Hutchens)	20	20
Exhibit 3 (Item 14)	5/29/07 letter to AmSouth Bank, Trustee, Shook Family Trust (Charles Willis)	20	20
Exhibit 1 (Item 15)	Affidavit of notice (William T. Watson)	20	20

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 2 (Item 15)	Affidavit of testimony with attachments (Eric L. Hutchens)	21	21
Exhibit 3 (Item 15)	5/29/07 letter to AmSouth Bank, Trustee, Shook Family Trust (Charles Willis)	21	21
Exhibit 1 (Item 16)	Affidavit of notice (William T. Watson)	21	21
Exhibit 2 (Item 16)	Affidavit of testimony with attachments (Eric L. Hutchens)	21	22
Exhibit 3 (Item 16)	5/29/07 letter to AmSouth Bank, Trustee, Shook Family Trust (Charles Willis)	22	22
Exhibit 1 (Item 23)	Area map, West Chitterling Creek Oil Field (Robert Wood)	27 I	27
Exhibit 2 (Item 23)	Structure map, top of Smackover, West Chitterling Creek Oil Field (Robert Wood)	27	27
Exhibit 3 (Item 23)	Cross section A-A', West Chitterling Creek Oil Field (Robert Wood)	27	27

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 4 (Item 23)	Net pay isopach map, Smackover oil pool based on six percent or greater porosity, West Chitterling Creek Oil Fiel (Robert Wood)	27 d	27
Exhibit 5 (Item 23)	Type log, Blackstone-Callon 9-9 No. 1, West Chitterling Creek Oil Fiel (Robert Wood)	27 d	27
Exhibit 6 (Item 23)	Form OGB-9, Blackstone-Callon 9-9 No. 1, West Chitterling Creek Oil Fiel (Robert Wood)	27 d	27
Exhibits 7A & 7B (Item 23)	Reservoir fluid study, Blackstone-Callon 9-9 No. 1, West Chitterling Creek Oil Field (Robert Wood)	27 d	27
Exhibit 8 (Item 23)	6/15/07 letter to Carrizo, (Joe Flores)	27	27
Exhibit 1 (Item 24)	6/11/07 letter to Board (Foster C. Arnold)	34	34
Exhibit 2 (Item 24)	Affidavit of testimony with attached resume (A.C.G. Pettus)	34	34
Exhibit 1 (Item 26)	6/11/07 letter to Board (Foster C. Arnold)	34	34

EXHIBIT NO.	TITLE		
(ITEM NO.)	(TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 2	Affidavit of testimony	34	34
(Item 26)	(A.C.G. Pettus)		

# EXHIBITS (Incorporated by Reference)

DESCRIPTION	OFFERED	RECEIVED
Testimony and evidence in Docket No. 6-25-07-12A	35	35

#### STATE OIL AND GAS BOARD OF ALABAMA

#### Tuscaloosa, Alabama

#### June 25, 2007

Testimony and proceedings before a Hearing Officer in Regular Session in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, pursuant to adjournment, on this the 25<sup>th</sup> day of June, 2007.

#### **BEFORE**

Mr. Marvin Rogers	Attorney
5	STAFF
Dr. Berry H. (Nick) Tew, Jr	Secretary and Supervisor
Dr. David E. Bolin	
Mr. Jay H. Masingill	Assistant Supervisor
Mr. Butch Gregory	Engineer
Mr. Tom Sexton	Geologist
Mr. Jacques Chasse	Geologist
Mr. Kirk McQuillan	Geologist

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Tuscaloosa, AL

#### APPEARANCES

NAME	REPRESENTING
1. John Tyra Tuscaloosa, AL	Carrizo Oil & Gas, Inc.
2. Dick Smith Houston, TX	Carrizo Oil & Gas, Inc.
3. Joe Flores Houston, TX	Carrizo Oil & Gas, Inc.
4. Foster Arnold Tuscaloosa, AL	El Paso E & P Co., LP
5. Chris Pettus Tuscaloosa, AL	El Paso E & P CO., LP
6. Tom Watson	

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8 9 (The hearing was convened at 10:05 a.m. on Monday, June 25, 2007, at Tuscaloosa, Alabama.)

MR. ROGERS: This hearing is in session. Dr. Tew, have the items to be heard today been properly noticed?

DR. TEW: The items to be heard today have been properly noticed. An agenda for today's meeting has been transmitted to the recording secretary.

#### AGENDA STATE OIL AND GAS BOARD OF ALABAMA JUNE 25 & 27, 2007

The State Oil and Gas Board of Alabama will hold its regular meeting at 10:00 a.m. on Monday, June 25, 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, and at 10:00 a.m. on Wednesday, June 27, 2007, at the Five Rivers Delta Center, Blakeley Hall, 31095 Five Rivers Boulevard, Spanish Fort, Alabama, to consider among other items the following petitions:

#### 1. DOCKET NO. 11-1-06-6

Continued petition by DOMINION BLACK WARRIOR BASIN, 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 coalbeds in the Pottsville Formation in the Falls 28-16-826 Well to be located on an 80-acre unit consisting of the Southeast Quarter of the Southeast Quarter of Section 28, and the Northeast Quarter of the Northeast Quarter of Section 33, all in Township 18 South, Range 10 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field.

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

#### 2. DOCKET NO. 11-01-06-10

Continued petition by SAGA PETROLEUM, LLC, a Colorado limited liability company authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama to enter an

order force pooling, with risk compensation, all tracts and interests in coalbed methane produced from a well drilled to the Pottsville Formation on a unit consisting of approximately 40 acres located in the Southeast Quarter of the Northwest Quarter of Section 34, Township 19 South, Range 9 West, Tuscaloosa County, Alabama, in the Deerlick Creek Coal Degasification Field. This petition is in accordance with Section 9-17-13, ALABAMA CODE (1975), as amended, and Rules 400-7-1 and 400-7-2 of the State Oil and Gas Board of Alabama Administrative Code.

#### 3. DOCKET NO. 1-31-07-4

Continued petition by MAYNE & MERTZ, 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 approving a 320-acre unit for the Jones Trust 21-4 No. 1 Well consisting of the South Half of the Southwest Quarter of Section 16, the South Half of the Southeast Quarter of Section 17, the North Half of the Northeast Quarter of Section 20, and the North Half of the Northwest Quarter of Section 21, all in Township 1 North, Range 9 East, Escambia County, Alabama, in the Jernigan Mill Creek Field as an exception to Rule 3(a) of the Special Field Rules for said Field which requires, in part, that wells in said Field be located on units consisting of two contiguous governmental quarter sections containing approximately 320 contiguous acres.

The public is further advised that, pursuant to this hearing, the applicable provisions of the <u>Code of Alabama</u> (1975), and the <u>State Oil and Gas Board of Alabama Administrative Code</u>, the Board will enter such Order or Orders as in its judgment may be necessary in accordance with the evidence submitted and accepted.

#### 4. DOCKET NO. 2-28-07-30

Continued petition by ESCAMBIA OPERATING CO., LLC, a foreign limited liability company, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving an exceptional surface location and proposed exceptional bottom hole location for the Edwards 13-1 No. 1 Well to be drilled on a 640-acre unit consisting of Section 13, Township 1 North, Range 7 East, Escambia County, Alabama, in the Big Escambia Creek Field, as an exception to Rule 3(b) of the Special Field Rules for said Field which requires that wells be located at least 1,320 feet from every exterior boundary of the drilling unit. The surface location for the referenced well will be 900 feet from the North line and 450 feet from the East line with a

proposed bottom hole location no closer than 330 feet from the East line and no closer than 330 feet from the North line of said Section 13 and, as such, will be an exception to said Rule 3(b).

#### 5. 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, <u>Code of Alabama</u> (1975), as amended, and Rule 400-7-2-.01 of the <u>State Oil and Gas Board of</u> Alabama Administrative Code.

#### 6. DOCKET NO. 4-11-07-1

Continued petition by MIDROC OPERATING COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order finding that the contribution of the separately owned Tracts in the Little Cedar Creek Oil Unit have been shown to be erroneous by subsequently discovered productivity data from a well in the Little Cedar Creek Oil Unit, namely, the Pugh 22-12 Well, Permit No. 14824, said well having a surface location in Section 22, Township 4 North, Range 12 East, Conecuh County, Alabama, in the Little Cedar Creek Field. The Unit Operator has calculated the new Tract participation factors to reflect the altered Tract contribution and requests the Board to approve the revised Tract participation factors of each affected Tract in the Little Cedar Creek Oil Unit in Conecuh County, Alabama.

The redetermination of Unit Tract participation factors for the Little Cedar Creek Oil Unit, Conecuh County, Alabama, is in accordance with the provisions of the Unit Agreement and Section 9-17-86 of the Code of Alabama (1975).

#### 7. DOCKET NO. 4-11-07-21

Continued petition by HOLLAND OPERATING CO., INC., 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 "Moundville Unit I," consisting of the hereinafter described "Unit Area" in the Moundville Coal Degasification Field, Tuscaloosa, Hale and Greene Counties, 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 underlying the Unit Area, the productive interval of which is found between the depths of 500 feet and 5,000 feet as encountered in the Tubbs 9-1-73-4173 Well, Permit No. 7540-C, located in the Northeast Quarter of Section 9, Township 23 North, Range 5 East, Hale 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, as defined in said wells, and including those coal seams which can be correlated therewith. Petitioner further seeks approval of the Unit Agreement and Unit Operating Agreement, as ratified, in accordance with Section 9-17-84, Code of Alabama (1975), and approval of the amendments to the Special Field Rules for the Moundville Coal Degasification Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

Petitioner further seeks entry of an order unitizing, pooling and integrating the Unit Area, as underlain by the above defined Unitized Formation so as to require all owners or claimants of royalty, overriding royalty, mineral, and leasehold interests within the Unit Area to unitize, pool and integrate their interests and develop their lands or interests as a unit, and designating Holland Operating Co., Inc. as Operator of the Unit Area in accordance with the laws of Alabama. The proposed Unit Area, to be designated Moundville Unit I, containing approximately 160 acres, consists of the following described parcels in Hale County, Alabama: East Half of the Northeast Quarter of Section 9 and the West Half of the Northwest Quarter of Section 10, all in Township 23 North, Range 5 East.

#### 8. DOCKET NO. 4-11-07-27

Continued petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving a proposed 320-acre exceptional wildcat drilling unit for the Floyd Anderson 20-14 #1 Well consisting of the West Half of Section

20, Township 14 South, Range 3 East, St. Clair County, Alabama, as an exception to Rule 400-1-2-.02(2)(a) of the <u>State Oil and Gas Board of Alabama Administrative Code</u>, which provides that a well may be drilled on a drilling unit consisting of a governmental quarter-quarter section consisting of approximately 40 acres.

This petition is filed as a companion to a petition bearing Docket No. 4-11-07-28 requesting force pooling without imposition of a risk compensation penalty.

#### 9. DOCKET NO. 5-16-07-5A

Continued petition by TEPEE PETROLEUM CO., INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order establishing a new gas condensate field to be named the West Wild Fork Creek Field, or such other name as the Board deems proper, and promulgating Special Field Rules therefor. The proposed field, as underlain by the Smackover Gas Pool, consists of the Southeast Quarter of the Southwest Quarter, South Half of the Northeast Quarter of the Southwest Quarter, East Half of the Southwest Quarter of the Southwest Quarter, Southeast Quarter of the Northwest Quarter of the Southwest Quarter, West Half of the Southwest Quarter of the Southeast Quarter, Southwest Quarter of the Northwest Quarter of the Southeast Quarter of Section 31, Township 3 North, Range 9 East and the North Half of the Northeast Quarter of the Northwest Quarter, Northeast Quarter of the Northwest Quarter of Northwest Quarter, Northwest Quarter of the Northwest Quarter of the Northeast Quarter of Section 6, Township 2 North, Range 9 East, all in Escambia County, Alabama.

The Smackover Gas Pool should be defined as that interval of the Smackover Formation productive of hydrocarbons between 14,092 feet and 14,133 feet, as indicated on the Dual Induction Log of the Alta-Blackstone 31-14 Well, Permit No. 14261, located in the Southeast Quarter of the Southwest Quarter of Section 31, Township 3 North, Range 9 East, Escambia County, Alabama. Petitioner is requesting well spacing of 160 acres, and is also requesting the establishment of allowables for said field.

This petition is filed as a companion to a petition bearing Docket No. 5-16-07-6 requesting reformation of the 40-acre wildcat drilling unit for the Alta-Blackstone 31-14 Well to a 160-acre unit in the West Wild Fork Creek Field, and a petition bearing Docket No. 5-16-07-7 requesting the

forced pooling, without the imposition of a risk compensation penalty, of all tracts and interests in hydrocarbons produced in the referenced well.

#### 10. DOCKET NO. 5-16-07-6A

Continued petition by TEPEE PETROLEUM CO., INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving the reformation of a 40-acre wildcat drilling unit for the Alta-Blackstone 31-14 Well, Permit No. 14261, consisting of the Southeast Quarter of the Southwest Quarter of Section 31, Township 3 North, Range 9 East, Escambia County, Alabama, to a 160-acre production unit in the proposed West Wild Fork Creek Field consisting of the Southeast Quarter of the Southwest Quarter, South Half of the Northeast Quarter of the Southwest Quarter, East Half of the Southwest Quarter of the Southwest Quarter, Southeast Quarter of the Northwest Quarter of the Southwest Quarter, West Half of the Southwest Quarter of the Southeast Quarter, Southwest Quarter of the Northwest Quarter of the Southeast Quarter of Section 31, Township 3 North, Range 9 East and the North Half of the Northeast Quarter of the Northwest Quarter, Northeast Quarter of the Northwest Quarter of Northwest Quarter, Northwest Quarter of the Northwest Quarter of the Northeast Quarter of Section 6, Township 2 North, Range 9 East, all in Escambia County, Alabama.

This petition is filed as a companion to a petition bearing Docket No. 5-16-07-5 requesting establishment of the West Wild Fork Creek Field, and a petition bearing Docket No. 5-16-07-7 requesting the forced pooling, without the imposition of a risk compensation penalty, of all tracts and interests in hydrocarbons produced in the referenced well.

#### 11. DOCKET NO. 5-16-07-7

Continued petition by TEPEE PETROLEUM CO., INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced in the Alta-Blackstone 31-14 Well, Permit No. 14261, located on a proposed reformed 160-acre production unit in the proposed West Wild Fork Creek Field consisting of the Southeast Quarter of the Southwest Quarter, East Half of the Southwest Quarter of the Southeast Quarter of the Southeast

Quarter, Southwest Quarter of the Northwest Quarter of the Southeast Quarter of Section 31, Township 3 North, Range 9 East and the North Half of the Northeast Quarter of the Northwest Quarter, Northeast Quarter of the Northwest Quarter of Northwest Quarter, Northwest Quarter of the Northwest Quarter of the Northwest Quarter of Section 6, Township 2 North, Range 9 East, all in Escambia County, Alabama.

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

This petition is filed as a companion to a petition bearing Docket No. 5-16-07-5 requesting establishment of the West Wild Fork Creek Field, and a petition bearing Docket No. 5-16-07-6 requesting approval of the reformation of the 40-acre wildcat drilling unit for the referenced well to a 160-acre drilling unit in the West Wild Fork Creek Field.

#### 12. DOCKET NO. 5-16-07-8

Continued petition by FOUR STAR OIL & GAS COMPANY, a subsidiary of Chevron U.S.A. 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 temporarily abandoned status and the Class II UIC permit for the following described gas injection well in Mobile County, Alabama, in the Hatter's Pond Unit, in accordance with Rules 400-1-4-.17(1) and 400-4-2-.01(5) of the State Oil and Gas Board of Alabama Administrative Code:

<u>PERMIT NO.</u> <u>WELL NAME</u> <u>LOCATION</u> 2735-B-GI-93-1 Hatter's Pond Unit 34-10 #1 ST S34, T1S, R1W

The previous temporarily abandoned status and the Class II UIC permit for this well will expire on May 18, 2007. Petitioner requests the Board to grant a one year extension beginning May 18, 2007, because said well has future utility and should not be plugged.

#### 13. DOCKET NO. 6-25-07-1

Petition by MAYNE & MERTZ, 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 establishing a new oil field in Escambia County, Alabama, to be known as the West Catawba Springs Field, or such other name as the Board deems proper, and to adopt Special Field

Rules therefor. The proposed field, as underlain by the Smackover Oil Pool, consists of the East Half and the Southwest Quarter of Section 5 and the Southwest Quarter of Section 4, all in Township 1 North, Range 9 East, Escambia County, Alabama.

The Smackover Oil Pool in said field is defined as that interval productive of hydrocarbons between 14,512 feet measured depth and 14,747 feet measured depth as indicated on the Induction Log for the Cox 5-10 No. 1 Well, Permit No. 15069-B and all zones in communication therewith and all productive extensions thereof.

Petitioner is requesting well spacing of 160 acres, and is also requesting the establishment of allowables for said field. Furthermore, Petitioner requests that the drilling unit, consisting of the Southeast Quarter of Section 5, Township 1 North, Range 9 East, be approved as the production unit for the Cox 5-10 No. 1 Well.

#### 14. DOCKET NO. 6-25-07-2

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Shook #30-10-1 Well, Permit No. 9722-C, from an 80-acre unit consisting of the North Half of the Southeast Quarter of Section 30, Township 19 South, Range 7 West, Tuscaloosa County, Alabama, in the Brookwood Coal Degasification Field to a 40-acre unit consisting of the Northwest Quarter of the Southeast Quarter of said Section 30.

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. 6-25-07-3

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Shook 19-11-6 Well, Permit No. 10318-C, from an 80-acre unit consisting of the North Half of the Southwest Quarter of Section 19, Township 19 South, Range 7 West, Tuscaloosa County, Alabama, in the Brookwood Coal Degasification Field to a 40-acre unit consisting of the Northeast Quarter of the Southwest Quarter of said Section 19.

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.

#### 16. DOCKET NO. 6-25-07-4

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Shook 30-7-7 Well, Permit No. 10295-C, from an 80-acre unit consisting of the West Half of the Northeast Quarter of Section 30, Township 19 South, Range 7 West, Tuscaloosa County, Alabama, in the Brookwood Coal Degasification Field to a 40-acre unit consisting of the Southwest Quarter of the Northeast Quarter of said Section 30.

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.

#### 17. DOCKET NO. 6-25-07-5

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 <u>State Oil and Gas Board of Alabama Administrative Code</u>, to enter an order extending the temporarily abandoned status for certain wells in the Brookwood Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, in the following areas, for a period of one (1) year:

# Township 19 South, Range 6 West, Tuscaloosa County Section 31

# Township 19 South, Range 7 West, Tuscaloosa County Sections 31, 32, 33, 34 and 35

#### Township 19 South, Range 8 West, Tuscaloosa County Sections 25, 26, 27, 33 and 35

# Township 20 South, Range 6 West, Tuscaloosa County Sections 6 and 7

# Township 20 South, Range 7 West, Tuscaloosa County Sections 1, 3, 4, 7, 9, 10, 12, 15, 16, 17, 21 and 28

#### Township 20 South, Range 8 West, Tuscaloosa County

Sections 3, 4, 10, 13, 14, 15, 23 and 24

The previously granted temporarily abandoned status expires on June 27, 2007, and Petitioner is requesting this Board to grant a one year extension of the temporarily abandoned status beginning June 27, 2007, because all of the wells in the aforementioned Sections have future utility and should not be plugged.

#### 18. DOCKET NO. 6-25-07-6

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 <u>State Oil and Gas Board of Alabama Administrative Code</u>, to enter an order extending the temporarily abandoned status for certain wells in the Oak Grove Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, in the following areas, for a period of one (1) year:

## Township 19 South, Range 6 West, Jefferson County Section 21

The previously granted temporarily abandoned status expires on June 27, 2007, and Petitioner is requesting this Board to grant a one year extension of the temporarily abandoned status beginning June 27, 2007, because these wells in the aforementioned Section have future utility and should not be plugged.

#### 19. DOCKET NO. 6-25-07-7

Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Jernigan 01-02-1068 Well, Permit No. 14617-C, from an 80-acre unit consisting of the West Half of the Northeast Quarter of Section 1, Township 18 South, Range 10 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field to a 40-acre unit consisting of the Northwest Quarter of the Northeast Quarter of said Section 1.

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. 6-25-07-8

Petition by DOMINION BLACK WARRIOR BASIN, 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 coalbeds in the Pottsville Formation in the Jernigan 01-07-1106 Well to be drilled on a 40-acre unit consisting of the Southwest Quarter of the Northeast Quarter of Section 1, Township 18 South, Range 10 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field.

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

#### 21. DOCKET NO. 6-25-07-9

Petition by DOMINION BLACK WARRIOR BASIN, 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 coalbeds in the Pottsville Formation in the Jernigan 01-06-1105 Well to be drilled on a 40-acre unit consisting of the Southeast Quarter of the Northwest Quarter of Section 1, Township 18 South, Range 10 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field.

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

#### 22. DOCKET NO. 6-25-07-10

Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Price 23-02-776 Well, Permit No. 14225-C, from an 80-acre unit consisting of the North Half of the Northeast Quarter of Section 23, Township 18 South, Range 10 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field to a 40-acre unit consisting of the Northwest Quarter of the Northeast Quarter of said Section 23.

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. 6-25-07-11

Petition by CARRIZO OIL AND GAS, INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order establishing a new oil field in Escambia County, Alabama, to be named the West Chitterling Creek Oil Field, or such other name as the Board deems proper, and to adopt Special Field Rules therefor. The proposed field, as underlain by the Smackover Oil Pool, consists of the Southeast Quarter of Section 9, Township 3 North, Range 6 East, Escambia County, Alabama.

The Smackover Oil Pool in said field is defined as those strata productive of hydrocarbons between the interval of 14,222 feet (TVD) (-13,936 feet Subsea TVD) and 14,293 feet (TVD) (-14,007 feet Subsea TVD) as indicated on the True Vertical Depth – High Definition Induction Log – Multipole Array Acoustic Log – Compensated Z-Densilog - Compensated Neutron Log – Gamma Ray Log – Minilog for the Carrizo Oil & Gas, Inc. Black Stone – Callon 9-9 No. 1 Well, Permit No. 14976-B, and all zones in communication therewith and all productive extensions thereof.

Petitioner is requesting well spacing of 160 acres and is also requesting the establishment of allowables for said field. Additionally, Petitioner requests that the drilling unit consisting of the Southeast Quarter of Section 9, Township 3 North, Range 6 East, be approved as the production unit for the Black Stone – Callon 9-9 No. 1 Well.

#### 24. DOCKET NO. 6-25-07-12

Petition by EL PASO E & P COMPANY, L.P., a Delaware limited partnership, authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama to enter an order force pooling without risk compensation, tracts and interests in an 80 acre drilling unit for the Calmes 01-12-555 Well, Permit No. 15249-C, having a unit consisting of all of the North Half of the Southwest Quarter, Section 1, Township 17 South, Range 8 West, Walker County, Alabama, in the White Oak Creek Coal Degasification Field. This petition is in accordance with Section 9-17-13, Alabama Code (1975), as amended, and Rules 400-7-1 and 400-7-2 of the State Oil and Gas Board of Alabama Administrative Code. Petitioner requests that due and proper notice of the hearing on this matter be given in the manner and form and for the time required by law and the rules and regulations of this Board.

#### 25. DOCKET NO. 6-25-07-13

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

#### 26. DOCKET NO. 6-25-07-14

Petition by EL PASO E & P COMPANY, L.P., a Delaware limited partnership, authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama to enter an order force pooling, without risk compensation all tracts and interests in an 80 acre drilling unit for the proposed Calmes 02-16-552 Well, having a unit consisting of all of Southeast Quarter of the Southeast Quarter of Section 2, and the Southwest Quarter of the Southwest Quarter of Section 1, all in Township 17 South, Range 8 West, Walker County, Alabama, in the White Oak Creek Coal Degasification Field. This petition is in accordance with Section 9-17-13, Alabama Code (1975), as amended, and Rules 400-7-1 and 400-7-2 of the State Oil and Gas Board of Alabama Administrative Code. Petitioner requests that due and proper notice of the hearing on this matter be given in the manner and form and for the time required by law and the rules and regulations of this Board.

#### 27. DOCKET NO. 4-30-03-7

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to consider issuing an order for Vintage Petroleum, Inc., Hunt Refining Company, and Pruet Production Company to clean up and remove the oil on the lands of Lois Ezell and the adjoining pipeline right-of-way located in Section 29, Township 11 North, Range 3 West, Choctaw County, Alabama. Vintage Petroleum, Inc., operates the Ezell 29-5 Well, Permit No. 1844, on the lands of Lois Ezell, and certain oil pipelines on the pipeline right-of-way adjoining the lands of Lois Ezell. Hunt Oil Company operates an oil pipeline on the pipeline right-of-way adjoining

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East Gilbertown Eutaw Unit Wells & Tank Batteries

30	Permit No.	Well Name	Location
31	(Tank Battery No.)	(Tank Battery)	
32	1280	Mattie Clark #1	S1, T10N, R3W
33	1293	C. F. Stewart Heirs #1	S1, T10N, R3W
34	(1293 TB)	(C. F. Stewart Heirs #1)	S1, T10N, R3W
35	1338	Mattie Clark #3	S1, T10N, R3W
36	10416	Mattie E. Clark #1-6	S1, T10N, R3W
37	(1343 TB)	(Abston Jones 1-6)	S1, T10N, R3W

the lands of Lois Ezell. Pruet Production Company operates a natural gas pipeline and a salt-water pipeline on the pipeline right-of-way adjoining the lands of Lois Ezell. The jurisdiction and authority of the Board is set forth in Section 9-17-1 et seq. of the <u>Code of Alabama</u> (1975), as amended.

#### 28. DOCKET NO. 4-25-06-34

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting Operator, Lower 15 Oil Corporation to show cause why the following abandoned wells located in the Gilbertown Field, Choctaw County, Alabama, and 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 tank battery 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. Additionally, the Frank Gibson #1 Well, Permit No. 1071, which is described hereinbelow under 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.

#### Other Well

Permit No. Well Name Location

1431 Joseph W. Hutchinson, Jr. et al #1 S7, T10N, R3W

#### Plugged and Abandoned well (well site not restored)

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

#### 29. DOCKET NO. 1-31-07-12

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend Rule 400-3-8-.03 of the State Oil and Gas Board of Alabama Administrative Code relating to the Protection of Underground Sources of Drinking Water during the Hydraulic Fracturing of Coal Beds so as to revise the filing, evaluation, approval, and operational requirements contained therein. In 2005, Congress amended the Safe Drinking Water Act, 42 U.S.C. Sec. 300h to exclude from the application of the Act "the underground injection of fluids or propping agents (other than diesel fuel) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities." 42 U.S.C. Sec. 300h(d)(1). Therefore, in its Motion the Board proposes to exclude hydraulic fracturing from the regulatory requirements of the Class II Underground Injection Control Program that is being administered by the State Oil and Gas Board.

The meetings of the State Oil and Gas Board are public meetings, and members of the public are invited to attend and present their position concerning this petition(s). Requests to continue or oppose a petition should be received by the Board at least two (2) days prior to the hearing. 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.

MR. ROGERS: The Hearings Reporter has received and compiled the proofs of publications for the items appearing on the docket for the first time. These proofs of publication for the items on the June 25 and June 27, 2007, docket are admitted into the record.

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

MR. ROGERS: Furthermore, copies of the information posted on the Website of the Secretary of State announcing these two meetings of the State Oil and Gas Board on June 25 and June 27, 2007, are also admitted into the record.

(Whereupon, postings on Secretary of State's Website were received in received)

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

(Whereupon, the Order was received in evidence)

MR. ROGERS: The procedure for the meeting is as follows: The Hearing Officer and the staff will hear the uncontested items on the docket today and certain other items. The State Oil and Gas Board will hear the recommendations of the Hearing Officer, contested items and certain other items beginning at 10:00 a.m. on Wednesday, June 27, 2007, at Five Rivers Delta Center, Blakeley Hall, 31095 Five Rivers Boulevard, Spanish Fort, Alabama. If anybody has any questions we will be glad to explain a little more where that building is located. I will recommend the following petitions be continued: Item 1, Docket No. 11-1-06-6, petition by Dominion Black Warrior Basin, Inc.; Item 2, Docket No. 11-1-06-10, petition by Saga Petroleum, LLC; Item 3, Docket No. 1-31-07-4, petition by Mayne & Mertz, Inc.; Item 7, Docket No. 4-11-07-21, petition by Holland Operating Company, Inc.; Item 8, Docket No. 4-11-07-27, petition by Energen Resources Corporation; Item 17, Docket No. 6-25-07-5, petition by Black Warrior Methane Corporation; Item 18, Docket No. 6-25-07-6, petition by Black Warrior Methane Corporation; Item 25, Docket No. 6-25-07-13, petition by El Paso E&P Company, LP; Item 27, Docket No. 4-30-03-7, a Motion by the Board and Item 28, Docket No. 4-25-06-34, a Motion by the Board. Item 12, Docket No. 5-16-07-8, is a petition by Four Star Oil and Gas, Inc. I will recommend that this petition be continued with the stipulation that the temporary abandoned status and the Class II Underground Injection Control permit for the well be

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continued until the next regularly scheduled meeting of the Board. I will recommend that the
following petitions be dismissed without prejudice: Item 4, Docket No. 2-28-07-30, petition by
Escambia Operating Company, LLC; Item 6, Docket No. 4-11-07-1, petition by Midroc
Operating Company. The following petitions and motion are set for the Board on Wednesday:
Item 5, Docket No. 2-28-07-32, petition by Natural Gas and Oil, Inc.; Item 9, Docket No. 5-16-
07-5A, petition by Tepee Petroleum Company, Inc.; Item 10, Docket No. 5-16-07-6A, petition
by Tepee Petroleum Company, Inc.; Item 11, Docket No. 5-16-07-7, petition by Tepee
Petroleum Company, Inc.; Item 13, Docket No. 6-25-07-1, petition by Mayne & Mertz, Inc.;
Item 19, Docket No. 6-25-07-7, petition by Dominion Black Warrior Basin, Inc.; Item 20,
Docket No. 6-25-07-8, petition by Dominion Black Warrior Basin, Inc.; Item 21, Docket No. 6-
25-07-9, petition by Dominion Black Warrior Basin, Inc.; Item 22, Docket No. 6-25-07-10,
petition by Dominion Black Warrior Basin, Inc. and Item 29, Docket No. 1-31-07-12, a Motion
by the Board to amend Rule 400-3-803 of the State Oil and Gas Board of Alabama
Administrative Code relating to Protection of Underground Sources of Drinking Water during
the Hydraulic Fracturing of Coal Beds. The Board will take comments on that but we expect the
Board will act on that. If anyone would like a copy of that proposed rule regulation we can make
that available. We welcome any comments on that Motion. Any questions about these
recommendations? The first item to be heard today is a petition by Black Warrior Methane
Corporation, Item 14, Docket No. 6-25-07-2.

MR. WATSON: Mr. Rogers, I have filed an affidavit of notice in this matter and would ask that it be admitted into the record.

MR. ROGERS: The affidavit of notice is admitted.

(Whereupon, the affidavit was received in evidence)

MR. WATSON: This is a request by Black Warrior Methane Corporation requesting the Board to enter an order reforming an 80-acre unit consisting of the North Half of the Southeast Quarter of Section 30, Township 19 South, Range 7 West, Tuscaloosa County, in the Brookwood Coal Degasification Field to a 40-acre unit consisting of the Northwest Quarter of the Southeast Quarter of said Section 30. I have prefiled an affidavit of testimony of Eric Hutchens in support

of this request. I would ask that Mr. Hutchens affidavit of testimony and attached exhibits be admitted into the record.

MR. ROGERS: The affidavit of Mr. Hutchens is admitted in the record.

(Whereupon, the affidavit with attachments was received in evidence)

MR. WATSON: Also, I would ask you to admit into the record the prefiled letter of consent from the AmSouth Bank as Trustee for the Shook Family in support of this unit reformation.

MR. ROGERS: The letter from Charles Willis to AmSouth Bank and the consent by AmSouth Bank as Trustee is admitted.

(Whereupon, the letter was received in evidence)

MR. WATSON: I ask that you make a recommendation to the Board approving this matter on the basis of the testimony contained in the affidavit and the consent.

MR. ROGERS: Any questions about this petition? We note that the ownership is common and the owner has consented to the reformation. Considering that, we will make a recommendation to the Board.

MR. WATSON: Thank you.

MR. ROGERS: The next item is Item 15, Docket No. 6-25-07-3, petition by Black Warrior Methane Corporation.

MR. WATSON: Mr. Rogers, I have filed an affidavit of notice in this matter and would ask that it be admitted into the record, please.

MR. ROGERS: The affidavit of notice is admitted.

(Whereupon, the affidavit was received in evidence)

MR. WATSON: This is a request by Black Warrior Methane Corporation requesting that the Board reform an 80-acre unit consisting of the North Half of the Southwest Quarter of Section 19, Township 19 South, Range 7 West, Tuscaloosa County, Alabama, in the Brookwood Coal Degasification Field to a 40-acre unit consisting of the Northeast Quarter of the Southwest Quarter of said Section 19. In support of this requested reformation I have prefiled an affidavit

of testimony of Eric Hutchens who is qualified before this Board. I would ask that that affidavit of testimony in support be admitted into the record.

MR. ROGERS: The affidavit is admitted.

(Whereupon, the affidavit with attachments was received in evidence)

MR. WATSON: Also, I have prefiled a letter of consent from the AmSouth Bank as Trustee for the Shook Family consenting to this reformation. I would ask that that be admitted into the record.

MR. ROGERS: The letter of consent from the AmSouth Bank as Trustee is admitted.

(Whereupon, the letter was received in evidence)

MR. WATSON: I would ask that you make a recommendation to the Board approving this petition based on the evidence in the record.

MR. ROGERS: We note that the ownership is common and the owner has consented to the reformation. Any questions from the staff? No questions from the staff. We will review the evidence and make a recommendation to the Board. The next item is Item 16, Docket No. 6-25-07-4, petition by Black Warrior Methane Corporation.

MR. WATSON: Mr. Rogers, I have prefiled an affidavit of notice in this matter and would ask that it be admitted into the record.

MR. ROGERS: The affidavit of notice is admitted.

(Whereupon, the affidavit was received in evidence)

MR. WATSON: This is also a request by Black Warrior Methane Corporation to reform an 80-acre unit consisting of the West Half of the Northeast Quarter of Section 30, Township 19 South, Range 7 West, Tuscaloosa County, in the Brookwood Coal Degasification Field. We are requesting that that unit be reformed to a 40-acre unit consisting of the Southwest Quarter of the Northeast Quarter of said Section 30. In support of that request I have prefiled an affidavit of Eric Hutchens. I would ask that that affidavit of testimony be admitted into the record.

MR. ROGERS: The affidavit is admitted.

MR. WOOD: I am.

(Whereupon, the affidavit with attachments was received in evidence)

MR. WATSON: Also, I have prefiled a letter of consent from AmSouth Bank as Trustee for the Shook Family consenting to this reformation. I would ask that that also be admitted into the record.

MR. ROGERS: The letter from Mr. Willis with the consent from the AmSouth Bank as Trustee is admitted.

(Whereupon, the letter was received in evidence)

MR. WATSON: I would ask that you make a recommendation to the Board approving this petition based on the evidence in the record.

MR. ROGERS: Again, we note that the ownership is common and the owner has consented to the reformation. Any questions from the staff? We will review the evidence and make a recommendation to the Board. The next item is Item 23, Docket No. 6-25-07-11, petition by Carrizo Oil and Gas, Inc.

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

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

MR. WOOD: Robert Wood, Tuscaloosa, Alabama.

(Witness was sworn by Mr. Rogers)

MR. TYRA: I'm John Tyra here on behalf of Carrizo Oil and Gas, Inc. We have filed a petition asking that a new oil field be established in Escambia County, Alabama. We have suggested the name, the West Chitterling Creek Oil Field. The proposed field is underlain by the Smackover Oil Pool as will be testified to by Mr. Wood and consists of the Southeast Quarter of Section 9, Township 3 North, Range 6 East, Escambia County. In addition to the Special Field Rules in establishing the field we will be asking for well spacing of 160 acres, the establishment of allowables and the approval of the drilling unit, the Southeast Quarter of Section 9, as the production unit for the Blackstone-Callon 9-9 No. 1 Well. Mr. Wood, are you familiar with the allegations and statements contained in the petition requesting this relief?

1		MR. TYRA: Have you assisted Carrizo Oil and Gas, Inc. in matters relating to this field?
2		MR. WOOD: Yes I have.
3		MR. TYRA: In fact, have you prepared exhibits in support of the petition?
4		MR. WOOD: I have.
5		MR. TYRA: Mr. Rogers, as you know, Mr. Wood has testified many times before this
6	Board	. His qualifications are on file. I ask that he be recognized as an expert petroleum
7	geolog	gist.
8		MR. ROGERS: He is so recognized.
9		ROBERT WOOD
10		Appearing as a witness on behalf of Petitioner, Carrizo Oil and Gas, Inc., testified as
11	follow	rs:
12		DIRECT EXAMINATION
13	Questi	ons by Mr. Tyra:
14	Q.	Turn to your first exhibit and explain what that shows, please.
15	A.	Exhibit No. 1 is an area map showing the location of the discovery well, the Carrizo
16		Blackstone-Callon 9-9 No. 1 Well, which was drilled on a drilling unit consisting of the
17		Southeast Quarter of Section 9, Township 3 North, Range 6 East, Escambia County,
18		Alabama. This well has currently been tested. It is an oil well. Today we are proposing
19		to establish a new field, the West Chitterling Creek Oil Field, consisting of the drilling
20		unit and also establishing a production unit consisting also of the Southeast Quarter of
21		Section 9. This also shows to the east the Chitterling Creek Field and some other fields.
22		Most of these fields in this part of Escambia County for the Smackover are one-well
23		small basement structure fields.
24	Q.	All right sir. Turn to your structure map which is your Exhibit No. 2 and explain what
25		that shows.
26	A.	Exhibit No. 2 is a structure map based on the top of the Smackover formation. I call your
27		attention to the discovery well in the proposed West Chitterling Creek Oil Field. We are
28		showing the proposed field limits in the dashed green line, the heavy line. Also, the

proposed unit for the discovery well is the lighter red dashed line. The bottom hole location is seen shown north of the surface location. We found that the top of the Smackover occurred at a subsea true vertical depth of 13,936 feet. The structure as mapped in this unit and the surrounding areas is shown as it pertains to the discovery well. Also, east of the discovery well is a separate structure. That is the structure for the Chitterling Creek Field as established by Exhibit 4 of Docket Nos. 12-9-9218 and 12-9-9219 as done by Cobra Oil and Gas. We are showing that structure to show that the discovery is a separate and distinct pool. Also on this exhibit we are showing cross section A-A'. The significance of this cross section is the differences in the oil-water contact which will be established on the next subsequent exhibit.

- Q. All right. Let's look at that cross section on Exhibit 3, please.
- A. To the left is west and to the right is east on this display. The discovery well is shown on the left as the proposed West Chitterling Creek Field and the discovery well as it pertains to the Smackover structure is also depicted. The porous and non-porous zones are just schematically shown on this cross section. The significance, based on the exhibits that I just mentioned by Cobra Oil and Gas Exhibit 4, is also the structural depiction as contoured on that map depicted here in cross section. There is a 72 foot difference between the oil-water contact that they picked in the Chitterling Creek Field and our oil-water contact as found in the Blackstone-Callon 9-9 No. 1 Well.
- Q. Exhibit No. 4, your net pay isopach.
- A. Exhibit No. 4 is a net pay isopach map. The contour interval of this exhibit is 10 feet. The discovery well found 18 feet of net pay in the Smackover and is also shown to the limits of the reservoir which is the oil-water contact of 14,007 feet.
- Q. Your type log, Exhibit 5.
- A. Exhibit No. 5 is a type log for the proposed field, the West Chitterling Creek Field. It is the Carrizo Oil and Gas, Inc. Blackstone-Callon 9-9 No. 1 Well, State Permit Number 14976-B because it is a directional well. This is a TVD log, a true vertical depth, and it is a combination log of multiple tools. Today we are proposing to find the top of the

- Smackover Oil Pool for this field to occur at a TVD depth of 14,222 feet or 13,936 feet subsea true vertical depth to a base of 14,293 feet TVD or a subsea TVD of 14,007 feet.
- Q. Exhibit 6, the OGB-9.
- A. Exhibit 6 is a copy of the first production test report for the discovery well as it was submitted to the Alabama Oil and Gas Board. This discovery well from perforations of 14,285 feet to 14,303 feet measured depth was tested on March 22<sup>nd</sup> of this year for a period of four hours. It tested at 224.4 barrels per day.
- Q. To your knowledge this has been duly filed with the Board?
- A. Yes it has.
  - Q. All right. Your Exhibits 7A and 7B.
    - A. Exhibits 7A and 7B are a copy of the portion of the PVT study that was performed on the reservoir fluid obtained from the test. Exhibit 7A is the first page of that. An important thing to note is also on March 22<sup>nd</sup> of this year a sample was collected. Turn to 7B which is the second part of that PVT test report. Note that it is for this well, the Blackstone-Callon 9-9 No. 1 Well, and that the reservoir fluid type is an undersaturated oil meaning that this is an oil reservoir and not a gas reservoir.
  - Q. Direct your attention one more time to Exhibit 2. Could you testify and state that you have seen evidence of the ownership of the Southwest Quarter of Section 10 immediately adjacent to the southeast quarter of our production unit and would that examination of ownership reveal that it is identical to the Southeast Quarter of Section 9?
  - A. Yes. The area where the reservoir extends to the east into the Southwest Quarter of Section 10 has common ownership with the ownership of the 160 acre production unit of Section 9.
  - Q. All right, sir. In your opinion, would the granting of this petition prevent waste and protect coequal and correlative rights?
- 26 | A. Yes it will.
  - Q. You are familiar with the term waste as it is defined by the <u>Administrative Code</u> of this Board and the state laws?

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1	A.	Yes I am.
2		MR. TYRA: I would tender the witness for any questions that you may have.
3		MR. ROGERS: Any questions from the staff?
4		ROBERT WOOD
5		EXAMINATION BY BOARD/STAFF
6	Quest	ions by Mr. McQuillan:
7	Q.	Mr. Wood, perhaps you mentioned this but for clarification, is there seismic involved in
8		this structure map?
9	A.	Yes it is. There is original 2-D seismic that was obtained in this area over many differen
10		vintages and then there is also a 3-D survey that has been shot and was used for the
11		location of this discovery well in an area between dry holes.
12		MR. MCQUILLAN: Thank you.
13	Quest	ions by Mr. Masingill
14	Q.	Mr. Wood, just one more question. I know you mentioned that the ownership was
15		common. The owners have knowledge of this petition that Carrizo has filed, correct?
16	A.	That is correct.
17	Quest	ions by Mr. Rogers:
18	Q.	Would you state again where the ownership is common in both of those sections, Mr.
19		Wood?
20	A.	It basically would be the North Half of the Southwest Quarter of Section 10 or the area
21		where the production extends outside and to the east of our proposed unit is common
22		with the unit.
23	Q.	Just the North Half of the Southwest Quarter?
24	A.	Yes.
25		MR. TYRA: If I may, Mr. Rogers. Actually, the entire southwest quarter is but the north
26	half of	the southwest is covered by the exact same lease and then we purchased different leases
27	on the	south half of the southwest quarter.
28		MR. ROGERS: Thank you for clearing that up. Anything else, Mr. Tyra?

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MR. ROGERS: We have a letter here from Blackstone Minerals Company, L.P. and New Ivory Acquisitions Partners, L.P. and it is in support of the petition. Would you like for that to be admitted into the record.

MR. TYRA: Yes, please.

MR. TYRA: That's all.

MR. ROGERS: That letter is admitted and the exhibits are admitted.

(Whereupon, the letter and exhibits were

received in evidence)

MR. ROGERS: Anything else? We will review the evidence and make a recommendation to the Board.

MR. TYRA: Thank you.

MR. ROGERS: The next item is Item 24, Docket No. 6-25-07-12A, petition by El Paso E & P Company, L.P.

MS. ARNOLD: Foster Arnold for the petitioner, El Paso E & P Company, L.P. Docket No. 6-25-07-12 is a petition to force pool, without risk compensation, all interests in the unit for the Calmes 01-12-555 Well, Permit No. 15249-C, the unit for which is the North Half of the Southwest Quarter of Section 1, Township 17 South, Range 8 West, Walker County, in the White Oak Creek Coal Degasification Field. I would note this is going to be a force pooling of some interest that appeared in the back chain and that the chain of title for Docket No. 6-26-07-14 is exactly the same. If it pleases the Board, I would like to describe the nature of that petition and then have the remaining portion of the testimony consolidated as to those two docket matters.

MR. ROGERS: That would be fine.

MS. ARNOLD: Docket No. 6-25-07-14 is also a petition by El Paso E & P Company, L.P. to force pool, without risk compensation, all interests in the unit for the proposed Calmes 02-16-552 well, the unit for which is the Southeast Quarter of the Southeast Quarter of Section 2 and the Southwest Quarter of the Southwest Quarter of Section 1, all in Township 17 South, Range 8 West, also Walker County, in the White Oak Creek Coal Degasification Field.

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MR. ROGERS: Ms. Arnold, what you are asking for is just to state the evidence and then incorporate. You are not asking to consolidate the two petitions, are you?

MS. ARNOLD: No, not to consolidate the two petitions, just to have the evidence incorporated into the latter docket number. We, in each case, have prefiled the affidavit of qualifications of Chris Pettus. I would ask that they be admitted to the record as to both docket numbers.

MR. ROGERS: State your request again.

MS. ARNOLD: We have prefiled the affidavit of qualifications of Chris Pettus and would ask that they be admitted to the record as to each of the docket numbers.

MR. ROGERS: Request is granted.

(Whereupon, the affidavit was received in evidence)

MS. ARNOLD: At this point I would like to introduce Chris Pettus. I would like to have him stand and be sworn in, please.

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

MR. PETTUS: Chris Pettus, also known as Andrew Christopher Gilbert Pettus, full name. My address is Lafayette, Louisiana, and Tuscaloosa, Alabama.

(Witness was sworn by Mr. Rogers)

MS. ARNOLD: Chris, please explain for the Board by whom you are currently employed and what your duties are there.

MR. PETTUS: I am employed by TeraSource who is a service company contracted to El Paso E & P Company, L.P. I am supervising and causing abstracts and lease work to be done, title work, for two of their crews.

MS. ARNOLD: In the event that title work needs to be done in the curative process, are you also working on that as well?

MR. PETTUS: I am closely involved and cause such to be done. There is a specific crew that does curative work that I don't supervise but they have to do all the curative work prior to an approval for drilling out of Houston.

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1	MS. ARNOLD: If questions come up in the title as to the curative work you are
2	responsible for sorting it out?
3	MR. PETTUS: Correct.
4	MS. ARNOLD: Could you please give the Board your background and your experience
5	prior to working for TeraSource?
6	MR. PETTUS: I have been a petroleum landman and abstractor since 1976. I went to
7	law school and other than nine years of actively practicing law in Montgomery, Alabama,
8	generally I've been in the oil and gas field ever since.
9	MS. ARNOLD: At this point I would like to ask that Chris Pettus be recognized as an
10	expert qualified to testify in land matters in these two docket numbers.
11	MR. ROGERS: He is so recognized.
12	<u>CHRIS PETTUS</u>
13	Appearing as a witness on behalf of Petitioner, El Paso E & P Company, L.P., testified as
14	follows:
15	DIRECT EXAMINATION
16	Questions by Ms. Arnold:
17	Q. Chris, are the chains of title for the Calmes 01-12-555 unit and the Calmes 02-16-552
18	well unit the same?
19	A. Generally speaking, yes they are. The original compilation of instruments had one
20	document missing in the 555 well that was inadvertently omitted.
21	Q. At this point I am going to have Chris take you through the portion of the chain of title
22	that leads us to believe that there are certain interests that need to be force pooled. This is
23	not prepared as a formal exhibit. This is just for demonstrative purposes so that you can
24	keep the parties straight that we are talking about as the title passes. If you have no
25	objection I would like to have them passed out.
26	MR. ROGERS: All right. Foster, I don't think we need huge detail on this because it
27	sounds like it must be a complicated title issue. The Board is not going to resolve that. All we
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need to know is that there was this issue and there was this dispute and that is why you are going through this process.

MS. ARNOLD: We are not going to go through the title in much detail at all. I'm just going to let him state briefly how the interest passed so that you can see the fractional interest that we are dealing with and how we came to the conclusion because it will be important in what percentage of the royalties ultimately have to be escrowed by El Paso and they intend to ultimately interplead those into the Circuit Court of Walker County and have that determination made by a court. It is relevant to how we determined what fraction of the interest is represented by these nonconsenting parties on which the Board has in recent days asked me to elaborate in the petition.

- MR. ROGERS: Within reason, that's right. Thank you.
- Q. Chris, essentially take them through the interest of David Kirkwood, Sr., please.
- A. David Kirkwood and a man by the name of J.T. Rose bought the subject property in 1903. It was 50-50 ownership. Subsequently, David Kirkwood died. He had seven children. Of those seven children one was a Bell Wren. She died and left six children. One of those children had died and left two minor children in 1924-1925. All the heirs of David Kirkwood were purported to have signed quick claim deeds between 1924 and 1929 to J.T. Rose, the other undivided half interest owner in the subject property.
- Q. The subject property meaning the coal and other minerals.
- A. Yes. I'm sorry, the coal and minerals. Subsequently an affidavit showed up we knew nothing about that was given by one of the sons of Bell Wren, Beverly Wren, who was in fact a man, and he brought forth that there were two children of his brother Kenon Wren that were four and five years old in the 1920's. Those two children, James and Kenon Wren, never executed one of the quick claim deeds. Everyone else did. Their interest would have come out to a 1/168<sup>th</sup> interest each or a 1/84<sup>th</sup> combined under the property which I believe in an 80-acre unit would have equaled about 95/100 of an acre. This all came to light and we have been working due diligence to find those individuals and have spent an unbelievable amount of time doing it.

- Q. Before we go into that I would like to note for the Board that this force pooling is a dual purpose. It is not only to take care of what we had a pretty good idea is an outstanding interest of James and Kenon Wren but also because of the subsequent deeds coming out the heirs of David Kirkwood. There was never any affidavit of record to tell us who all of the heirs of David Kirkwood are such that we can affirmatively know that there are no other outstanding parties. So, it is a housekeeping matter to also tie any interest of any unknown heirs of David Kirkwood as well. Having said that, let me get Chris to take you briefly through the due diligence that was done in trying to locate James Wren or in the event that he is deceased his heirs at law or his devisees. I may have said it backwards. Both James Wren and Kenon Wren, Jr. or in the event that either is deceased or both are deceased their heirs at law or their devisees as well as any other unknown heirs of David Kirkwood, Sr. Would you describe for the Board what was done by El Paso under your direction?
- A. Myself and four other individuals spent somewhere between 150 and 250 hours running records in four counties, Walker, Jasper, Jefferson and Tuscaloosa Counties, in hopes of finding something that would give us leads. Nothing was found. We ran those records from the 1880's to the 1950's. We got the telephone listings from the Birmingham phone book and numerous communities in Walker County and virtually called all the Wrens and some Kirkwood's in hopes of finding heirs and leads to locate these people. One of the men actually drove to Eutaw after he discovered there was plantation there by the name of Kirkwoods and discovered that it had nothing to do with this family. There were other people that were known. One was a Sam Karrah who is now 86 years old and living in West Palm Beach, Florida, whose father had been a hardware store owner in Oakman. He was talked with and he had never heard of any Wren's in that area which is where the family was for a long time because the Kirkwood's ended up in Oakman. One of them was superintendent of a coal company in 1888.

MR. ROGERS: Oakman, Alabama?

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A. Yes, I'm sorry. That's Walker County, Oakman. We've got a long history of it because we have been through newspaper articles and everything else in trying to locate these people. We have gone through enumerable search engines on the Internet. We went through the census records and it is reasonably conceived that David Kirkwood died in World War I because we found records of him being enlisted in World War I. All these other instances came up including an equity suit by J.T. Rose, the undivided ½ interest owner, against J.M. Kirkwood who was one of the heirs of David Kirkwood, et al, whoever all was involved. The only problem we had with that was that the lawsuit itself, the judgment was filed of notice in the indices of Walker County in 1923 right before the quick claim started but we can't see the lawsuit because it is filed in the storage of Jasper Airport and the clerk won't allow anyone to go out there.

MR. ROGERS: It is a public record.

Q. Yes sir and our predecessors with El Paso had actually talked them into allowing us to go out there. One of the clerk's employees fell and broke an arm and there have been lawsuits ever since, so we are just not allowed. I don't want to be the one to file a freedom of information act. Anyway, we found a Ms. Myrtle Wren who was a James Wren's widow. She was 84 or 86 here in the Tuscaloosa area. She related that his first name was not James. Being elderly, she had two daughters. We ended up speaking with them and it turns out that was the wrong Wren. We thought we had a good shot at it because of the time period and age but we just struck out.

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#### **CHRIS PETTUS**

#### **EXAMINATION BY BOARD/STAFF**

#### 23 Questions by Mr. Rogers:

- Q. I just have one question for you. You said you made some phone calls. Did you talk to some of these other people that would be relatives? They didn't know of these people, James Wren and Kenon Wren, Jr.?
- A. There was a Lou Lavair who was a child. We searched for that and we found one Lou Lavair.

- Q. You never have found any of these people to talk to, not one heir of David Kirkwood? Even not J.T. Rose that filed that lawsuit or his heirs?
- A. No sir.

MS. ARNOLD: All of this is placed of record to demonstrate that reasonable due diligent efforts had been made by El Paso in trying to locate any of the outstanding interests in this unit. After having done so, their names and/or whereabouts remain unknown. Therefore, we would ask that publication of the force pooling in the newspaper of general circulation in Walker County which was given be sufficient to serve as notice of the force pooling without risk compensation of their interest. In conclusion we would ask that all interests be force pooled in the two described units without risk compensation.

MR. ROGERS: I guess the total interest that these people---

MS. ARNOLD: The total interest that these people own, assuming that there are no other outstanding heirs at law of David Kirkwood, Sr., which we have no reason to believe that there are, would be a 0.952380 interest which comes collectively to a 1/84<sup>th</sup> interest. Dividing that between both Kenon Wren, Jr. and James Wren they would each own individually 0.59523805 or a 1/168<sup>th</sup> interest in the proposed unit.

MR. ROGERS: Thank you.

MS. ARNOLD: That's all we have on this matter.

MR. ROGERS: Any questions from the staff?

MR. MASINGILL: On Item 24, since this well was permitted you probably need to file a new OGB-2 post force pooling.

MS. ARNOLD: I believe that they filed an interim OGB-2 that referenced the force pooling. As Chris said, the omission of these interests simply wasn't discovered until the 552 well which has not been permitted yet but merely has an application that has been submitted for approval. I will have them, after the force pooling, actually file a third OBG-2 that reflects that it has been adequately force pooled.

MR. ROGERS: Why don't you explain very briefly why this came to light now after the well was permitted and after the OGB-2 was filed?

MS. ARNOLD: Quite frankly, abstractor error on the 555. There was nothing when I
actually reviewed the 555 well. It was just a simple affidavit that somehow wasn't picked up in
the run as best as we can tell of the probate records.

MR. PETTUS: I would like to say right now that Counsel here did a good job because she had done the 555 well. It was the same title. She does the 552 well and there is another instrument that shows up. She remembered and notified everyone and that made us all very happy.

MS. ARNOLD: To my knowledge they do have three certifying title attorneys here in West Alabama working for them and I have never known them to drill one without having it certified, so it was caught before.

MR. ROGERS: Seem like y'all have been very thorough and diligent in your work. Anything else, Foster?

MS. ARNOLD: That's all. Thank you.

MR. ROGERS: The exhibits are admitted. We will review the evidence and make a recommendation to the Board.

(Whereupon, the exhibits were received in evidence)

MR. PETTUS: May we be excused?

MR. ROGERS: We didn't go through the other item.

MS. ARNOLD: I thought we did. I thought I read the docket number matter into the record but I certainly will. It is Docket No. 6-25-07-14. This has the exact same testimony as the previous docket number.

MR. ROGERS: I thought they were not consolidated.

MS. ARNOLD: They are not consolidated for the purpose of consideration but I'll be glad to go through that.

MR. ROGERS: The next item is Item 26, Docket No. 6-25-07-14A, petition by El Paso E & P Company, L.P. Do you have anything in addition to the exhibits that you have submitted or in addition to the testimony you gave on this, Ms. Arnold?

1	MS. ARNOLD: Nothing in addition to the testimony or the admittance of the affidavit of
2	Chris Pettus as to his qualifications.
3	MR. ROGERS: We note there that this letter states this first docket. You don't need to
4	use that letter. The other affidavit states the other docket number. What you are saying is you
5	want to incorporate all this into that record.
6	MS. ARNOLD: All of that should be incorporated into the record.
7	MR. ROGERS: The testimony and evidence submitted in Item 24, Docket No. 6-25-07-
8	12A, is incorporated into this record. I assume you request that this petition for force pooling be
9	granted?
10	(Whereupon, the testimony and evidence submitted
11	in Docket No. 6-25-07-12A was incorporated into
12	this item)
13	MS. ARNOLD: Be granted and the publication in the newspaper of general circulation
14	serve as being effective to give notice to the parties who remain unknown as to their names and
15	whereabouts after due diligent search.
16	MR. ROGERS: The interests are identical, Ms. Arnold?
17	MS. ARNOLD: The interests are identical.
18	MR. ROGERS: We will review the evidence and make a recommendation to the Board.
19	Any questions about that? That's all. Anything else for this hearing? The hearing is adjourned.
20	(Whereupon, the hearing was adjourned at 10:47 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 Monday, June 25, 2007, in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, I reported the proceedings before a Hearing Officer in Regular Session; that the foregoing 35 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 nor counsel to the parties to said cause, nor in any manner interested in the results thereof.

Riekey Estes Hearing Reporter