

AGENDA
STATE OIL AND GAS BOARD OF ALABAMA
BOARD MEETING
JULY 29 & 31, 2008

The State Oil and Gas Board of Alabama will hold its regular hearing at 10:00 a.m. on Tuesday, July 29, 2008, and Thursday, July 31, 2008, 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 items:

1. DOCKET NO. 3-12-08-5

Continued petition by WHITE TAIL EXPLORATION, L.L.C., an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status for the William Smith 9-2 #1 Well, Permit No. 12180, located on a 40-acre wildcat drilling unit consisting of West Half of the Northwest Quarter of the Northeast Quarter and the East Half of the Northeast Quarter of the Northwest Quarter of Section 9, Township 23 North, Range 14 East, Chilton County, Alabama, in accordance with Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code.

2. DOCKET NO. 3-12-08-14

Continued petition by SAGA PETROLEUM LIMITED LIABILITY COMPANY OF COLORADO, a Colorado 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 reforming the unit for the CLC 24-5-18, Permit No. 11864-C, from an 80-acre unit consisting of the West Half of the Northwest Quarter of Section 24, Township 19 South, Range 9 West, Tuscaloosa County, Alabama in the Deerlick Creek Coal Degasification Field, to an 40-acre unit consisting of the Southwest Quarter of the Northwest Quarter of Section 24, Township 19 South, Range 9 West, Tuscaloosa County, Alabama, in the Deerlick Creek Coal Degasification Field. 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 from the current unit by formation of an additional 40 acre unit comprised of the Northwest Quarter of the Northwest Quarter of said Section 24, Township 19 South, Range 9 West, Tuscaloosa County, Alabama.

3. DOCKET NO. 3-12-08-16

Continued petition by SAGA PETROLEUM LIMITED LIABILITY COMPANY OF COLORADO, a Colorado 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 reforming the unit for the RGGG 30-16-59, Permit No. 13953-C, from an 80-acre unit consisting of the East Half of the Southeast Quarter of Section 30, Township 19 South, Range 5 West, Jefferson County, Alabama in the Oak Grove Coal Degasification Field, to an 40-acre unit consisting of the Southeast Quarter of the Southeast Quarter of Section 30, Township 19 South, Range 5 West, Jefferson County, Alabama, in the Oak Grove Coal Degasification Field. 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 from the current unit by formation of an additional 40 acre unit comprised of the Northeast Quarter of the Southeast Quarter of said Section 30, Township 19 South, Range 5 West, Jefferson County, Alabama.

4. DOCKET NO. 4-14-08-7A

Continued amended petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 3(b) of the Special Field Rules for the Coal Fire Creek Field, Pickens County, Alabama, for the exceptional location of the Cunningham 16-12 #2 Well, Permit No. 5881. Petitioner proposes to re-enter and complete said well on a 320-acre unit consisting of the West Half of Section 16, Township 18 South, Range 14 West, Pickens County, Alabama, at a location 2,300 feet from the South line and 330 feet from the West line of said Section 16. Said Rule 3(b) requires that wells drilled in said Field be located at least 660 feet from every exterior boundary of the drilling unit, and the proposed location of the referenced well is only 330 feet from the West line of the 320-acre drilling unit for said well.

In the proposed re-entry, Petitioner desires to test the Benton Sand Gas Pool as defined in the Special Field Rules for the Coal Fire Creek Field and also test the Tuscumbia and Millerella Sands. Excluded from the re-entry tests are the Carter, Lewis and Fayette Sand Gas Pools. There are two producing wells in the said West Half of Section 16, one producing from the Lewis Sand Gas Pool and another producing from the Fayette Sand Gas Pool with one well in the Carter Sand Gas pool that is no longer producing.

5. DOCKET NO. 5-12-08-3

Continued petition by GEOMET, INC., a Delaware corporation, requesting the State Oil and Gas Board to enter an order approving a 160-acre wildcat drilling unit consisting of the Southwest Quarter of Section 5, Township 12 South, Range 3 West, Cullman County, Alabama, for the drilling of a horizontal well, in accordance with Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code which provides that a well may be drilled on a drilling unit consisting of a governmental quarter section containing approximately 160 acres.

This petition is filed as a companion to a petition bearing Docket No. 5-12-08-4 requesting approval of an exceptional location for the referenced horizontal well on the proposed 160-acre wildcat drilling unit and a petition bearing Docket No. 5-12-08-5 requesting an exception to Rule 400-1-4-.09(2)(c) pertaining to the setting and cementing of production casing.

6. DOCKET NO. 5-12-08-4

Continued petition by GEOMET INC., a Delaware corporation, requesting the State Oil and Gas Board to enter an order approving an exceptional location for a horizontal well to be drilled on a 160-acre wildcat drilling unit consisting of the Southwest Quarter of Section 5, Township 12 South, Range 3 West, Cullman County, Alabama, at a location no closer than 330 feet from every exterior boundary of the 160-acre wildcat drilling unit, as an exception to Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code which requires that wells be drilled at least 660 feet from every exterior boundary of the drilling unit. Petitioner proposes to drill a vertical well into the Chattanooga Shale, evaluate the formation, and drill horizontally in the Chattanooga Shale such that the horizontal well will be no closer than 330 feet from every exterior boundary of the drilling unit, and, as such, will be an exception to said Rule.

The petition is filed as a companion to a petition bearing Docket No. 5-12-08-3 requesting approval of a 160-acre wildcat drilling unit and a petition bearing Docket No. 5-12-08-5 requesting an exception to Rule 400-1-4-.09(2)(c) pertaining to the setting and cementing of production casing.

7. DOCKET NO. 5-12-08-5

Continued petition by GEOMET, INC., a Delaware corporation, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 400-1-4-.09(2)(c) of the State Oil and Gas Board of Alabama Administrative Code pertaining to the requirements for setting and cementing production casing for a well to be drilled horizontally on a 160-acre wildcat drilling unit consisting of the Southwest Quarter of Section 5, Township 12 South, Range 3 West, Cullman County, Alabama.

This petition is filed as a companion to a petition bearing Docket No. 5-12-08-3 requesting approval of the above-described 160-acre wildcat drilling unit and a petition bearing Docket No. 5-12-08-4 requesting approval of an exceptional location for a well to be drilled horizontally on the proposed 160-acre wildcat drilling unit.

8. DOCKET NO. 5-12-08-13

Continued petition by DURANGO OPERATING, LLC, a Mississippi limited liability company, authorized to do business in the State of Alabama, requesting the State Oil and Gas Board to enter an order classifying the following wells all located in the Foshee Field, Escambia County, Alabama, as temporarily abandoned for a period of one (1) year:

| <u>Permit No.</u> | <u>Well Name</u> | <u>Location</u> |
|-------------------|-------------------|-----------------|
| 5213 | A.T.I.C. 34-9 #1 | S34, T2N-R8E |
| 5335 | Culpepper 34-7 #1 | S34, T2N-R8E |
| 5167 | A.T.I.C. 35-13 #2 | S35, T2N-R8E |
| 5062-A | A.T.I.C. 35-14 #1 | S35, T2N-R8E |

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

9. DOCKET NO. . 5-12-08-14

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

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

10. DOCKET NO. 5-12-08-15

Continued petition by DURANGO OPERATING, LLC, a Mississippi limited liability company, authorized to do business in the State of Alabama, requesting the State Oil and Gas Board to enter an order classifying the R. E. Loper et al 12-11 #1, Permit # 2885, located in Section 12, Township 1 North, Range 8 East in Pollard Field, Escambia County, Alabama, as temporarily abandoned for a period of one (1) year:

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

11. DOCKET NO. 5-12-08-16

Continued petition by DURANGO OPERATING, LLC, a Mississippi limited liability company, authorized to do business in the State of Alabama, requesting the State Oil and Gas Board to enter an order classifying the following wells all located in West Foshee Field, Escambia County, Alabama, as temporarily abandoned for a period of one (1) year:

| <u>Permit No.</u> | <u>Well Name</u> | <u>Location</u> |
|-------------------|----------------------------|-----------------|
| 5475 | A.T.I.C. 33-7 #3 | S33, T2N-R8E |
| 5359 | A.T.I.C. 33-8 #1 | S33, T2N-R8E |
| 5528 | A.T.I.C. Container 33-3 #1 | S33, T2N-R8E |

Said wells are temporarily abandoned. Petitioner is requesting the Board to classify said wells as temporarily abandoned for a period of one (1) year in accordance with Rule 400- 1-4-.17 of the State Oil and Gas Board of Alabama Administrative Code because all of the wells have future utility in Durango Operating, LLC's operations in West Foshee Field, Escambia County, Alabama

12. DOCKET NO. 6-16-08-6

Continued petition by SHELL OFFSHORE INC. (“Shell”) a corporation authorized to do and doing business in the State of Alabama and Devon Energy Production Company, L.P. (“Devon”), an Oklahoma limited partnership, requesting the State Oil and Gas Board to grant approval of the commingling of State and federal natural gas streams. Devon is the operator of Mobile Area Block 826 OCS G-26176 Well Number 001, from which federal gas resources will be commingled with State gas resources originating from Shell’s Fairway Field, Mobile County, Alabama. The point the commingling will occur will be the Mobile Bay Platform 113A, downstream of Shell’s Fairway Field gas allocation meter. Petitioners aver that the processing of the federal gas resources will not change or affect Shell’s current State allocation and reporting methodology. The jurisdiction and authority of the Oil and Gas Board is provided in Section 9-17-1, et seq., Code of Alabama (1975) as amended.

13. DOCKET NO. 6-16-08-16B

Continued amended petition by BENJAMIN V. COODY, d/b/a Pete’s Pumping Service, 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 from the Eula Jones #1 Well, Permit No. 1288, located on a 40-acre unit consisting of the Northeast Quarter of the Southwest Quarter of Section 2, Township 10 North, Range 3 West, Choctaw County, Alabama, in the Gilberttown Oil 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.

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

14. DOCKET NO. 6-16-08-18

Continued 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 coalbed methane produced from the Pottsville formation in an 80 acre drilling unit for the proposed Lee 26-03-197 Well, having a unit consisting of all of the East Half of the Northwest Quarter, Section 26, 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, 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.

15. DOCKET NO. 7-29-08-1

Petition by HIGHMOUNT BLACK WARRIOR BASIN LLC, a foreign limited liability company, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order force pooling, with a risk compensation penalty, all tracts and interests in hydrocarbons produced from coalbeds in the Pottsville Formation in the Braughton 32-15-1159 Well to be drilled on a 40-acre unit consisting of the Southwest Quarter of the Southeast Quarter of Section 32, 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, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama Administrative Code.

16. DOCKET NO. 7-29-08-2

Petition by GEOMET, INC., a Delaware corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 400-1-4-.09(2)(c) of the State Oil and Gas Board of Alabama Administrative Code pertaining to the requirements for setting and cementing production casing for the Brittan 20-06-06 Well to be drilled horizontally on a 160-acre wildcat drilling unit consisting of the Northwest Quarter of Section 20, Township 12 South, Range 1 East, Blount County, Alabama.

This petition is filed as a companion to a petition bearing Docket No. 7-29-08-3 requesting approval of the above-described 160-acre wildcat drilling unit for the referenced well and a petition bearing Docket No. 7-29-08-13 requesting approval of an exceptional location for the referenced horizontal well on the proposed 160-acre wildcat drilling unit.

17. DOCKET NO. 7-29-08-3

Petition by GEOMET, INC., a Delaware 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 160-acre wildcat drilling unit consisting of the Northwest Quarter of Section 20, Township 12 South, Range 1 East, Blount County, Alabama, for the drilling of a horizontal well, namely the Brittian 20-06-06 Well, in accordance with Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code which provides that a well may be drilled on a drilling unit consisting of a governmental quarter section containing approximately 160 acres.

Petitioner permitted the Moon 20-05-06 Well, Permit No. 15678-BH, on the above-described 160-acre unit, but intends to cancel said permit.

This petition is filed as a companion to a petition bearing Docket No. 7-29-08-2 requesting an exception to Rule 400-1-4-.09(2)(c) pertaining to the setting and cementing of production casing and a petition bearing Docket No. 7-29-08-13 requesting approval of an exceptional location for the referenced horizontal well on the proposed 160-acre wildcat drilling unit.

18. DOCKET NO. 7-29-08-4

Petition by SUNDOWN ENERGY, L.P., a foreign limited partnership authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving exceptions to Rule 400-1-6-.01 of the State Oil and Gas Board of Alabama Administrative Code and Rule 4 of the Special Field Rules for the Kennedy Field, Lamar County, Alabama, for an alternate casing program producing the well through tubing without a packer for the re-entry of the Cooper 4-14 #1 Well, Permit No. 4133-A, located on a 320-acre unit consisting of the South Half of Section 4, Township 17 South, Range 14 West, Lamar County, Alabama. Petitioner proposes to run 2 7/8-inch tubing in the hole without a packer and complete in the Lewis Sand Gas Pool. Rule 400-1-6-.01 requires that all wells be produced through tubing anchored by a packer and Rule 4 requires production casing to be set through the producing reservoir and Petitioner avers that the 2 7/8-inch tubing it proposes to use in the well as "casing" is a sound engineering procedure that will promote orderly development, prevent waste and protect groundwater resources.

19. DOCKET NO. 7-29-08-5

Petition by PALMER PETROLEUM, 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 to be known as the Fall Creek Field, or by such other name as the Board deems appropriate and to adopt Special Field Rules therefor. The proposed field, as underlain by the Smackover Oil Pool, consists of the Southwest Quarter of Section 13, Township 4 North, Range 14 East, Covington County, Alabama.

The Smackover Oil Pool in the proposed Fall Creek Field should be defined as those strata productive of hydrocarbons in the interval between 10,795 feet measured depth and 10,934 feet measured depth in the Longleaf Ltd 13-14 #1 Well, Permit No. 15190, located on a 160-acre unit consisting of the Southwest Quarter of Section 13, Township 4 North, Range 14 East, Covington County, Alabama, in the proposed Fall Creek Field, as indicated on the Dual Induction Log of the said well.

Petitioner is requesting well spacing of a governmental quarter section containing approximately one hundred sixty (160) contiguous surface acres, and is also requesting the establishment of allowables for wells in said field.

Petitioner further requests that the 160-acre unit consisting of the Southwest Quarter of Section 13, Township 4 North, Range 14 East, Covington County, Alabama, be approved as the permanent production unit for the Longleaf Ltd 13-14 #1 Well, Permit No. 15190.

20. DOCKET NO. 7-29-08-6

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving an exceptional location for the Watts 05-04-549 gob well to be drilled 91 feet from the North line and 829 feet from the West line of Section 5, Township 20 South, Range 6 West, Tuscaloosa County, Alabama, in Unit IV of the Brookwood Coal Degasification Field, as an exception to Rule 19A of the Special Field Rules for said Field. Said Rule requires that wells be drilled at least 150 feet from every exterior boundary of a Unit Area and at least 300 feet from every exterior boundary of the field limits. The proposed location for the referenced well is 91 feet from the north boundary of Unit IV of the Brookwood Coal Degasification Field and also 91 feet from the exterior boundary of said Field, and as such, is an exception to said Rule 19A.

21. DOCKET NO. 7-29-08-7

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 granting an extension of the requirement contained in Board Order No. 2007-115, issued on August 3, 2007, that by July 2008 Petitioner commence operations to sidetrack the Hatter's Pond Unit 34-10 #1 ST Well, Permit No. 2735-B-GI-93-1, located in Section 34, Township 1 South, Range 1 West, Mobile County, Alabama, in the Hatter's Pond Unit, to establish production or commence operations to plug and abandon the well. Since the issuance of Board Order No. 2007-115, the UIC Permit for the well has been cancelled and assigned Permit No. 2735-B.

Petitioner avers that it had delays with reservoir modeling which have recently been resolved and, due to the delays, needs additional time to evaluate the future utility of said well. Therefore, Petitioner requests an additional six-month extension of the temporarily abandoned status for said well in accordance with Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code.

22. DOCKET NO. 7-29-08-8

Petition by SOUTH CARLTON OPERATING COMPANY, 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 amending Rule 2 of the Special Field Rules for the South Carlton Field, Clarke and Baldwin Counties, Alabama, to define the Eutaw Formation and Upper Tuscaloosa as a single oil pool to be known as the "Eutaw-Upper Tuscaloosa Sand Oil Pool" and to add said oil pool to the field. The Eutaw-Upper Tuscaloosa Sand Oil Pool consists of those strata between the top of the Eutaw Formation and base of the Upper Tuscaloosa which occurs in the interval between the depths of 4,234 feet and 5,052 feet as depicted by the Dual Induction - Lateralog for the Wall et al No. 3-9 Well in the South Carlton Field (Permit No. 2182-B), the surface location of which is 1,885 feet from the South line and 2,472 feet from the East line of Section 3 of Township 3 North, Range 2 East, Clarke County, Alabama, and all zones in communication therewith and all productive extensions thereof, including those strata which can be correlated therewith. This petition also requests that Rule 3 of the Special Field Rules be amended to establish forty (40) acre spacing for the Eutaw-Upper Tuscaloosa Sand Oil Pool.

The current Special Field Rules for the South Carlton Field define only the Pilot-Massive Sand Oil Pool. The Pilot-Massive Sand Oil Pool was unitized pursuant to Order No. 2005-107 issued by the State Oil and Gas Board of Alabama. The proposed Eutaw-Upper Tuscaloosa Sand Oil Pool is separate and distinct from the Pilot-Massive Sand Oil Pool.

This petition is filed pursuant to Section 9-17-1, et seq. of the Code of Alabama (1975) and Rules 400-1, et seq. of the State Oil and Gas Board of Alabama Administrative Code.

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.

23. DOCKET NO. 7-29-08-9

Petition by SOUTH CARLTON OPERATING COMPANY, 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 authorizing the recompletion of the Bernice Wall Barbour et al No. 10-1 Well in the South Carlton Field (Permit No. 2165-B) in the Eutaw-Upper Tuscaloosa Sand Oil Pool, approving the Northeast Quarter of the Northeast Quarter of Section 10 of Township 3 North, Range 2 East, Clarke County, Alabama, as the Eutaw-Upper Tuscaloosa Sand Oil Pool unit for this well. Petitioner is also requesting the Board to approve the location of the Eutaw-Upper Tuscaloosa Sand Oil Pool as encountered in the wellbore of said well as an exception to Rule 3(b) of the Special Field Rules for said field which requires that wells be located at least 330 feet from every exterior boundary of the drilling unit. This well was directionally drilled to a total depth of approximately 5,850 feet from a surface location 566 feet from the South line and 1,903 feet from the East line of Section 3 of Township 3 North, Range 2 East, Clarke County, Alabama, to a bottomhole location 457 feet from the North line and 682 feet from the East line of said Section 10. The top of the Eutaw-Upper Tuscaloosa Sand Oil Pool was encountered in the wellbore of said well at a location approximately 216 feet from the North line and approximately 760 feet from the East line of said Section 10. This location is approximately 216 feet from the North line of said unit and, as such, will be an exception to said Rule 3(b).

This petition is filed pursuant to Section 9-17-1, et seq. of the Code of Alabama (1975) and Rules 400-1, et seq. of the State Oil and Gas Board of Alabama Administrative Code.

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.

24. DOCKET NO. 7-29-08-10

Petition by SOUTH CARLTON OPERATING COMPANY, 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 authorizing the recompletion of the Bernice Wall Barbour et al No. 10-2 Well in the South Carlton Field (Permit No. 2166-B) in the Eutaw-Upper Tuscaloosa Sand Oil Pool, approving the Northwest Quarter of the Northeast Quarter of Section 10 of Township 3 North, Range 2 East, Clarke County, Alabama, as the Eutaw-Upper Tuscaloosa Sand Oil Pool unit for this well. Petitioner is also requesting the Board to approve the location of the Eutaw-Upper Tuscaloosa Sand Oil Pool as encountered in the wellbore of said well as an exception to Rule 3(b) of the Special Field Rules for said field which requires that wells be located at least 330 feet from every exterior boundary of the drilling unit. This well was directionally drilled to a total depth of approximately 5,703 feet from a surface location 566 feet from the South line and 1,915 feet from the East line of Section 3 of Township 3 North, Range 2 East, Clarke County, Alabama, to a bottomhole location 565 feet from the North line and 2,017 feet from the East line of said Section 10. The top of the Eutaw-Upper Tuscaloosa Sand Oil Pool was encountered in the wellbore of said well at a location approximately 212 feet from the North line and approximately 1,907 feet from the East line of said Section 10. This location is approximately 212 feet from the North line of said unit and, as such, will be an exception to said Rule 3(b).

This petition is filed pursuant to Section 9-17-1, et seq. of the Code of Alabama (1975) and Rules 400-1, et seq. of the State Oil and Gas Board of Alabama Administrative Code.

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.

25. DOCKET NO. 7-29-08-11

Petition by SOUTH CARLTON OPERATING COMPANY, 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 authorizing the recompletion of the Bernice Wall Barbour et al No. 10-3 Well in the South Carlton Field (Permit No. 2152-B) in the Eutaw-Upper Tuscaloosa Sand Oil Pool, approving the Northeast Quarter of the Northwest Quarter of Section 10 of

Township 3 North, Range 2 East, Clarke County, Alabama, as the Eutaw-Upper Tuscaloosa Sand Oil Pool unit for this well. Petitioner is also requesting the Board to approve the location of the Eutaw-Upper Tuscaloosa Sand Oil Pool as encountered in the wellbore of said well as an exception to Rule 3(b) of the Special Field Rules for said field which requires that wells be located at least 330 feet from every exterior boundary of the drilling unit. This well was directionally drilled to a total depth of approximately 5,848 feet from a surface location 566 feet from the South line and 1,927 feet from the East line of Section 3 of Township 3 North, Range 2 East, Clarke County, Alabama, to a bottomhole location 362 feet from the North line and 2,064 feet from the West line of said Section 10. The top of the Eutaw-Upper Tuscaloosa Sand Oil Pool was encountered in the wellbore of said well at a location approximately 262 feet from the North line and approximately 2,878 feet from the East line of said Section 10. This location is approximately 262 feet from the North line and 237 feet from the East line of said unit and, as such, will be an exception to said Rule 3(b).

This petition is filed pursuant to Section 9-17-1, et seq. of the Code of Alabama (1975) and Rules 400-1, et seq. of the State Oil and Gas Board of Alabama Administrative Code.

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.

26. DOCKET NO. 7-29-08-12

Petition by SOUTH CARLTON OPERATING COMPANY, 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 authorizing the recompletion of the Wall No. 3-14 Well in the South Carlton Field (Permit No. 2153) in the Eutaw-Upper Tuscaloosa Sand Oil Pool, approving the following-described land as the Eutaw-Upper Tuscaloosa Sand Oil Pool unit for this well and approving the location of the Eutaw-Upper Tuscaloosa Sand Oil Pool as encountered in the wellbore of said well as an exception to Rule 3(b) of the Special Field Rules for said field which requires that wells be located at least 330 feet from every exterior boundary of the drilling unit. The Eutaw-Upper Tuscaloosa Sand Oil Pool unit for this well is proposed to consist of the following-described land, to-wit:

Commencing at the Southeast corner of said Section 3 of Township 3 North, Range 2 East, Clarke County, Alabama; thence North 89 degrees 45 minutes 16 seconds West along the South line of said Section 3 for 2,643.38 feet to the Point of Beginning; Thence continue North 89 degrees 45 minutes 16 seconds West along the South line of said Section 3 for 1,321.69 feet; thence North 00 degrees 23 minutes 24 seconds East for 1,307.58 feet; thence South 89 degrees 46 minutes 16 seconds East for 1,321.69 feet; thence South 00 degrees 23 minutes 24 seconds West for 1,307.97 feet, more or less, to the Point of Beginning, containing 39.68 acres, more or less.

This well was directionally drilled to a total depth of approximately 6,070 feet from a surface location 566 feet from the South line and 1,951 feet from the East line of Section 3 of Township 3 North, Range 2 East, Clarke County, Alabama, to a bottomhole location 803 feet from the South line and 1,901 feet from the West line of said Section 3. The top of the Eutaw-Upper Tuscaloosa Sand Oil Pool was encountered in the wellbore of said well at a location approximately 619 feet from the South line and approximately 2,846 feet from the East line of said Section 3. This location is approximately 206 feet from the East line of said unit and, as such, will be an exception to said Rule 3(b).

This petition is filed pursuant to Section 9-17-1, et seq. of the Code of Alabama (1975) and Rules 400-1, et seq. of the State Oil and Gas Board of Alabama Administrative Code.

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.

27. DOCKET NO. 7-29-08-13

Petition by GEOMET INC., a Delaware corporation, requesting the State Oil and Gas Board to enter an order approving an exceptional location for a horizontal well, namely the Brittan 20-06-06 Well, to be drilled from a surface location 488 feet from the East line of a 160-acre wildcat drilling unit consisting of the Northwest Quarter of Section 20, Township 12 South, Range 1 East, Blount County, Alabama, said horizontal well to be at a location no closer than 330 feet from every exterior boundary of said 160-acre wildcat drilling unit, as an exception to Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code which requires that wells be drilled at least 660 feet from every exterior boundary of the drilling unit. Petitioner proposes to drill a vertical well into the Chattanooga Shale, evaluate the formation, and drill horizontally in the Chattanooga Shale such that the horizontal well will be no closer than 330 feet from every exterior boundary of the drilling unit, and, as such, will be an exception to said Rule.

The petition is filed as a companion to a petition bearing Docket No. 7-29-08-3 requesting approval of a 160-acre wildcat drilling unit and a petition bearing Docket No. 7-29-08-2 requesting an exception to Rule 400-1-4-.09(2)(c) pertaining to the setting and cementing of production casing.

28. DOCKET NO. 7-29-08-14

Petition by GEOMET, INC., a Delaware corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving an exceptional 320-acre wildcat drilling unit consisting of the South Half of Section 7, Township 12 South, Range 3 West, Cullman County, Alabama, for the drilling of a horizontal well, namely the Crawford 07-13-07 Well, as an exception to Rule 400-1-2-.02(2) of the State Oil and Gas Board of Alabama Administrative Code, which addresses spacing of wells.

This petition is filed as a companion to a petition bearing Docket No. 7-29-08-15 requesting approval of an exceptional location for the referenced horizontal well on the proposed 320-acre wildcat drilling unit and a petition bearing Docket No. 7-29-08-16 requesting approval of an exception to Rule 400-1-4-.09(2)(c) pertaining to the setting and cementing of production casing.

29. DOCKET NO. 7-29-08-15

Petition by GEOMET INC., a Delaware corporation, requesting the State Oil and Gas Board to enter an order approving an exceptional location for a horizontal well, namely the Crawford 07-13-07 Well, to be drilled from a surface location no closer than 330 feet from every exterior boundary of a 320-acre wildcat drilling unit consisting of the South Half of Section 7, Township 12 South, Range 3 West, Cullman County, Alabama, said horizontal well to be at a location no closer than 330 feet from every exterior boundary of said 320-acre wildcat drilling unit, as an exception to Rule 400-1-2-.02(2)(c) of the State Oil and Gas Board of Alabama Administrative Code which requires that wells be drilled at least 660 feet from every exterior boundary of the drilling unit. Petitioner proposes to drill a vertical well into the Chattanooga Shale, evaluate the formation, and drill horizontally in the Chattanooga Shale such that the horizontal well will be no closer than 330 feet from every exterior boundary of the drilling unit, and, as such, will be an exception to said Rule.

The petition is filed as a companion to a petition bearing Docket No. 7-29-08-14 requesting approval of a 320-acre wildcat drilling unit and a petition bearing Docket No. 7-29-08-16 requesting an exception to Rule 400-1-4-.09(2)(c) pertaining to the setting and cementing of production casing.

30. DOCKET NO. 7-29-08-16

Petition by GEOMET, INC., a Delaware corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 400-1-4-.09(2)(c) of the State Oil and Gas Board of Alabama Administrative Code pertaining to the requirements for setting and cementing production casing for the Crawford 07-13-07 Well to be drilled horizontally on a 320-acre wildcat drilling unit consisting of the South Half of Section 7, Township 12 South, Range 3 West, Cullman County, Alabama.

This petition is filed as a companion to a petition bearing Docket No. 7-29-08-14 requesting

approval of the above-described 320-acre wildcat drilling unit and a petition bearing Docket No. 7-29-08-15 requesting approval of an exceptional location for a well to be drilled horizontally on the proposed 320-acre wildcat drilling unit.

31. 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.

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 |

32. 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.

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.