

February 2, 2009

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~~JB~~
3/26/09

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Board Exhibit	Proofs of Publication Docket No. 2-2-09-1 Docket No. 2-2-09-2 Docket No. 2-2-09-3 Docket No. 2-2-09-4 Docket No. 2-2-09-5 Docket No. 2-2-09-6 Docket No. 2-2-09-7 Docket No. 2-2-09-8 Docket No. 2-2-09-9 Docket No. 2-2-09-10 Docket No. 2-2-09-11 Docket No. 2-2-09-12 Docket No. 2-2-09-13 Docket No. 2-2-09-14	13	13
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EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 3 (Item 2)	Cross section A-A', Baileys Creek Field (Bob Wood)	20	20
Exhibit 4 (Item 2)	Daily production graph, Craft-Noble 35-1 #1, May 2008 - January 2009 Baileys Creek Field (Ken Hanby)	20	20
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Exhibit A (Item 8)	Affidavit of notice (William T. Watson)	25	25

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit B (Item 8)	1/16/09 letter to Black Stone Minerals Co., L.P., (William T. Watson)	25	25
Exhibit C (Item 8)	1/16/09 letter to Thomas D. Ingram and Wife, Frances M. Ingram (William T. Watson)	25	25
Exhibits D & E (Item 8)	Amended affidavit of testimony with attached well location plat (Scott White)	25	25
Exhibit 1 (Item 18)	Tabulation summary of wells in TA status, non-jurisdictional status and production status (Eric Hutchens)	28	29

February 2, 2009

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

February 2, 2009

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 2nd day of February, 2009.

BEFORE

Mr. Marvin Rogers..... Attorney

STAFF

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

Dr. David E. Bolin Deputy Director

Mr. Jay H. MasingillAssistant Supervisor

Mr. Kirk McQuillan Geologist

Mr. Bob Roark Geologist

APPEARANCES

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NAME	REPRESENTING
1. Eric Hutchens McCalla, AL	Black Warrior Methane Corp.
2. Tom Watson Tuscaloosa, AL	Black Warrior Methane Corp./ Robinson's Bend Operating II, LLC
3. John Tyra Tuscaloosa, AL	Winn Exploration Co., Inc.
4. Brad Workman Northport, AL	Constellation
5. Ken Hanby Tuscaloosa, AL	Winn Exploration Co., Inc.
6. Bob Wood Tuscaloosa, AL	Winn Exploration Co., Inc.
7. Mark Scogin Tuscaloosa, AL	Columbia Petroleum LLC

(The hearing was convened at 10:06 a.m. on
Monday, February 2, 2009, at Tuscaloosa, Alabama.)

MR. ROGERS: This hearing is in session. Dr. Tew, have the items for the February 2
and February 4, 2009, meeting been properly noticed?

DR. TEW: The items for the February 2 and February 4, 2009, docket have been
properly noticed and the docket is due to be admitted into the record.

AGENDA
STATE OIL AND GAS BOARD OF ALABAMA
BOARD MEETING
FEBRUARY 2 & 4, 2009

The State Oil and Gas Board of Alabama will hold its regular hearing at
10:00 a.m. on Monday, February 2, 2009, and Wednesday, February 4,
2009, 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. 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 Gilbertown 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.

1 2. DOCKET NO. 11-4-08-1

2 Continued petition by WINN EXPLORATION CO., INC., a foreign
3 corporation authorized to do and doing business in the State of Alabama,
4 requesting the State Oil and Gas Board of Alabama to enter an order
5 amending Rule 1 of the Special Field Rules for the Baileys Creek Field,
6 Monroe County, Alabama, to include the East Half of the Northeast
7 Quarter of Section 35, Township 5 North, Range 5 East, amending Rule 3
8 of those Special Field Rules to allow for spacing of wells on units
9 consisting of 160 contiguous acres and amending Rule 7 of those Special
10 Field Rules in order to establish permanent allowables for each well in the
11 field and approving the drilling unit of the Winn Exploration Co., Inc.
12 Craft-Noble 35-1 No. 1 Well, Permit No. 15396, consisting of the
13 Northeast Quarter of said Section 35 as the permanent production unit for
14 the said Well.
15

16 3. DOCKET NO. 11-4-08-2B

17 Continued amended petition by SPOONER PETROLEUM COMPANY, a
18 foreign corporation authorized to do and doing business in the State of
19 Alabama, requesting the State Oil and Gas Board of Alabama to enter an
20 Order amending Rule 2 of the Special Field Rules for the East Lambeth
21 Church Field, Escambia County, Alabama, to add and define the Cogle
22 Sand Oil Pool for said Field and to approve the permanent production unit
23 for the Powell-Rabon 3-11 No. 1 Well, Permit No. 15711-AB.
24

25 Petitioner requests that the Cogle Sand Oil Pool in the East Lambeth Church
26 Field be defined as that interval of the Cogle Sand productive of
27 hydrocarbons between the interval of 6550 feet and 6570 feet TVD (6576
28 feet and 6598 feet MD) as indicated on the High Definition Induction Log
29 for the Powell-Rabon 3-11 No. 1 Well, Permit No. 15711-AB, and all
30 zones in communication therewith and all productive extensions thereof.
31 Said pool constitutes a separate and distinct oil producing pool in said Field,
32 separate and distinct from all other producing pools therein.
33

34 Petitioner also requests that the drilling unit for the Powell-Rabon 3-11 No. 1
35 Well, Permit No. 15711-AB, consisting of the East Half of the Northwest
36 Quarter of the Southwest Quarter and the West Half of the Northeast Quarter
37 of the Southwest Quarter of Section 3, Township 1 North, Range 8 East,
38 Escambia County, Alabama, be approved as the permanent production unit
39 for said well.

1 4. DOCKET NO. 12-9-08-9

2 Continued petition by COLUMBIA PETROLEUM LLC, a foreign limited
3 liability company authorized to do and doing business in the State of
4 Alabama, requesting the State Oil and Gas Board to enter an order
5 approving the exceptional bottom hole location of the Nick Ross 24-11 #2
6 Well, Permit No. 15852, as an exception to Rule 3(b) the Special Field
7 Rules of the Little Cedar Creek Field. Said well was drilled on a 160 acre
8 drilling unit consisting of the Southwest Quarter of Section 24, Township
9 4 North, Range 12 East, Conecuh County, Alabama, at a surface location
10 678 feet from the North line of said 160 acre drilling unit, but said well
11 drifted such that the bottom hole location is 653 feet from the North line of
12 said 160 acre unit, and as such, is an exception to said Rule.
13

14 Rule 3(b) of the Special Field Rules of the Little Cedar Creek Field
15 requires that wells be drilled at least 660 feet from every exterior boundary
16 of the drilling unit, but the bottom hole location of the referenced well,
17 being 653 feet from the North line of said 160 acre drilling unit, is an
18 exception to said Rule.
19

20 5. DOCKET NO. 2-2-9-01

21 Petition by DENBURY ONSHORE, LLC, a foreign limited liability
22 company, authorized to do and doing business in the State of Alabama,
23 requesting the State Oil and Gas Board of Alabama, pursuant to Rule 400-
24 1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative
25 Code, to enter an order approving the temporarily abandoned status and
26 pursuant to Rule 400-4-2-.01(5) of the State Oil and Gas Board of
27 Alabama Administrative Code to enter an order approving the extension of
28 the Class II injection permits with the approvals applying to certain wells
29 located in the Citronelle Field, Mobile County, Alabama, in the following
30 areas for a period of one (1) year:
31

32 Citronelle Unit

33 Township 2 North, Range 3 West
34 Sections 21, 22, 23, 24, 25, 26, 27, 28, 33, 34, 35, 36
35

36 Township 2 North, Range 2 West
37 Sections 17, 18, 19, 20, 29, 30, 31
38

39 Township 1 North, Range 3 West
40 Sections 1, 2, 3, 10, 11, 12, 13, 14

Township 1 North, Range 2 West
Sections 5, 6, 7, 8, 9, 16, 17, 18

Southeast Citronelle Unit
Township 1 North, Range 2 West
Sections 4, 5, 8, 9, 10

Township 2 North, Range 2 West
Sections 32 and 33

East Citronelle Unit
Township 1 North, Range 2 West
Section 6

Township 2 North, Range 2 West
Sections 29, 31, 32

6. DOCKET NO. 2-2-09-02

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced in a well to be drilled on a 40-acre unit consisting of the Northwest Quarter of the Northeast Quarter of Section 17, Township 20 South, Range 8 West, Tuscaloosa County, Alabama, in the Brookwood 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.

7. DOCKET NO. 2-2-09-03

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced in a well to be drilled on a 40-acre unit consisting of the Southeast Quarter of the Northeast Quarter of Section 17, Township 20 South, Range 8 West, Tuscaloosa County, Alabama, in the Brookwood 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.

8. DOCKET NO. 2-2-09-04

Petition by ROBINSON'S BEND OPERATING II, LLC, 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 reforming the unit for the Ingram 36-13-705 Well, Permit No. 14987-C, from a 40-acre unit consisting of the Southwest Quarter of the Southwest Quarter of Section 36, Township 21 South, Range 11 West, Tuscaloosa County, Alabama, in the Robinson's Bend Coal Degasification Field to an 80-acre unit consisting of the South Half of the Southwest Quarter of said Section 36.

The Ingram 36-13-705 was permitted and drilled on the above-described 80-acre unit consisting of the South Half of the Southwest Quarter of said Section 36. Upon the request of Petitioner, the Board issued Order No. 2008-157 on October 2, 2008, reforming the 80-acre unit for said well to the existing 40-acre unit.

9. DOCKET NO. 2-2-09-05

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

<u>PERMIT NO.</u>	<u>WELL NAME</u>	<u>STATUS</u>
3135-OS-6-B	State Lease 349 #2	Shut-in
2543-OS-3-B	State Lease 347 #1	Temporarily abandoned
3614-OS-14	State Lease 347 #2	Temporarily abandoned

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

Petitioner plans to plug and abandon the following wells in 2009, and therefore requests an extension of the shut-in and temporarily abandoned status of the following wells until the wells are plugged and abandoned:

<u>PERMIT NO.</u>	<u>WELL NAME</u>	<u>STATUS</u>
10557-OS-59-B1	Alabama State Lease 350 (Tract 95)Well #5 S/T#1	Shut-in.
3127-OS-5	State Lease 350 #1	Temporarily abandoned.

10. DOCKET NO. 2-2-09-06

Petition by EXXON MOBIL CORPORATION, a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order extending the shut-in status of the following offshore wells in Mobile County, Alabama, in the Northwest Gulf Field-Mobile Area, in accordance with Rule 400-2-4-.14(2) of the State Oil and Gas Board of Alabama Administrative Code:

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

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

11. DOCKET NO. 2-2-09-07

Petition by EXXON MOBIL CORPORATION, acting for the operator, Mobil Oil Exploration & Producing Southeast Inc., a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order extending the shut-in status of the following offshore well in Baldwin County, Alabama, in the Southeast Mobile Bay Field, in accordance with Rule 400-2-4-.14(2) of the State Oil and Gas Board of Alabama Administrative Code:

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

Petitioner requests that the Board grant an extension of the shut-in status of the referenced well until such time as Petitioner plugs and abandons the well in 2009.

12. DOCKET NO. 2-2-09-08

Petition by EXXON MOBIL CORPORATION, acting for the operator, Mobil Oil Exploration & Producing Southeast Inc., a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status for the following offshore well in Mobile County, Alabama, in the Aloe Bay Field, in accordance with Rule 400-2-4-.14(1) of the State Oil and Gas Board of Alabama Administrative Code:

<u>PERMIT NO.</u>	<u>WELL NAME</u>
12604-OS-90-B	S/L 701 #2

Petitioner requests that the Board grant a one year extension of the temporarily abandoned status of the referenced well because it has future utility and should not be plugged.

13. DOCKET NO. 2-2-09-09

Petition by EXXON MOBIL CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status for the following offshore well located in Baldwin County, Alabama, in the North Central Gulf Field-Mobile Area, in accordance with Rule 400-2-4-.14 (1) of the State Oil and Gas Board of Alabama Administrative Code:

<u>PERMIT NO.</u>	<u>WELL NAME</u>
9985-OS-51-B	State Lease 539 #1 Well

Petitioner requests that the Board grant a one year extension of the temporarily abandoned status of the referenced well. This well is an integral part of a production platform and has been plugged to the extent possible making permanent plugging and abandonment impractical at this time, and, as such this well has future utility.

14. DOCKET NO. 2-2-09-10

Petition by EXXON MOBIL CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status for the following offshore well located in Mobile County, Alabama, in the South Pelican Island Field, in accordance with Rule 400-2-4-.14 (1) of the State Oil and Gas Board of Alabama Administrative Code:

<u>PERMIT NO.</u>	<u>WELL NAME</u>
11293-OS-68-B	State Lease 536 #4 Well

Petitioner requests the Board to grant a one year extension of the temporarily abandoned status because said well has future utility and should not be plugged.

15. DOCKET NO. 2-2-09-11

Petition by SPINDLETOP OIL & GAS CO., 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 of the Perkins-Young 33-10 #1 Well, Permit No. 4204, located in Lamar County, Alabama, in the North Fairview Oil Field, in accordance with Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code. Said well has previously been granted temporarily abandoned status and said status has expired.

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

16. DOCKET NO. 2-2-09-12

Petition by SPINDLETOP OIL & GAS CO., 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 of the Robertson 20-12 #1 Well, Permit No. 3227, located in Lamar County, Alabama, in the Fernbank Gas Field, in accordance with Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code. Said well has previously been granted temporarily abandoned status and said status has expired.

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

17. DOCKET NO. 2-2-09-13

Petition by SPINDLETOP OIL & GAS CO., 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 of the S.H. Gilmer #1 Well, Permit No. 1425, and the S.H. Gilmer #3 Well, Permit No. 1920, located in Lamar County, Alabama, in the

1 South Fairview Carter Oil Unit in the Fairview Oil Field, in accordance with
2 Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama
3 Administrative Code. Said well has previously been granted temporarily
4 abandoned status and said status has expired.

5
6 Petitioner requests that the Board grant a one year extension of the
7 temporarily abandoned status of the referenced well because said well has
8 future utility and should not be plugged.

9
10 18. DOCKET NO. 2-2-09-14

11 Petition by BLACK WARRIOR METHANE CORP., an Alabama
12 corporation, requesting the State Oil and Gas Board, pursuant to Rule 400-3-
13 4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code, to
14 enter an order extending the temporarily abandoned status for certain wells
15 located in Tuscaloosa County, Alabama, in the Brookwood Coal
16 Degasification Field, in the following areas, for a period of one (1) year:

17
18 Township 19 South, Range 7 West, Tuscaloosa County
19 Sections 20, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35 and 36

20
21 Township 19 South, Range 8 West, Tuscaloosa County
22 Sections 15, 21, 23, 25, 26, 27, 28, 32, 33, 34, and 36

23
24 Township 20 South, Range 6 West, Tuscaloosa County
25 Sections 6 and 7

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

30
31 Township 20 South, Range 8 West, Tuscaloosa County
32 Sections 1, 2, 3, 4, 5, 10, 12, 13, 14, 15, 16, 23, 24 and 25

33
34 Petitioner requests that the Board grant a one year extension of the
35 temporarily abandoned status of the wells in the aforementioned Sections
36 because said wells have future utility and should not be plugged.

37
38 19. DOCKET NO. 4-25-06-34

39 Continued MOTION BY THE STATE OIL AND GAS BOARD OF
40 ALABAMA requesting Operator, Lower 15 Oil Corporation to show
41 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

1 Hearings of the State Oil and Gas Board are public hearings, and members
2 of the public are invited to attend and present their position concerning
3 petitions. Requests to continue or oppose a petition should be received by
4 the Board at least two (2) days prior to the hearing. The public should be
5 aware that a petition may be set for hearing on the first day or second day
6 of the hearing or may be continued to another hearing at a later date. We
7 suggest, therefore, that prior to the hearing, interested parties contact the
8 Board to determine the status of a particular petition. For additional
9 information, you may contact the State Oil and Gas Board, P. O Box
10 869999, Tuscaloosa, Alabama 35486-6999, Telephone Number 205/349-
11 2852, Fax Number 205/349-2861, or by email at petitions@ogb.state.al.us.
12
13

14 MR. ROGERS: The Hearings Reporter has received and compiled the proofs of
15 publication for the items appearing on the docket for the first time. These proofs of publication
16 for the items on the February 2 and February 4, 2009, docket are admitted into the record.

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

18 MR. ROGERS: Furthermore, copies of the information posted on the Website of the
19 Secretary of State announcing these two meetings of the State Oil and Gas Board on February 2
20 and February 4, 2009, are also admitted into the record.

21 (Whereupon, posting of meetings on Secretary of State
22 Website was received in evidence)

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

26 (Whereupon, the Order was received in evidence)

27 MR. ROGERS: The procedure for this meeting is as follows. The Hearing Officer and
28 the staff will hear the uncontested items on the docket today and certain other items. The State
29 Oil and Gas Board will hear the recommendations of the Hearing Officer, contested items and
30 certain other items beginning at 10:00 a.m. on Wednesday, February 4, 2009, at the office of the
31 State Oil and Gas Board in Tuscaloosa, Alabama. The next hearing of the Oil and Gas Board
32 will be on March 26 and that hearing will be at the St. Clair County Courthouse in Pell City,

February 2, 2009

1 Alabama, just for your information and your planning. I will recommend that the following
2 petitions be continued: Item 1, Docket No. 6-16-08-16B, petition by Benjamin V. Coody dba
3 Pete's Pumping Service and Item 19, Docket No. 4-25-06-34, a Motion by the State Oil and Gas
4 Board. Item 3, Docket No. 11-4-08-2C, is a petition by Spooner Petroleum Company. I will
5 recommend that petition be continued with the stipulation that the temporary allowable be
6 continued until the next regularly scheduled meeting of the Board. Item 4, Docket No. 12-9-08-
7 9, is a petition by Columbia Petroleum LLC. I will recommend to the Board that that petition be
8 dismissed without prejudice. The following petitions and items are set for the Board at the
9 hearing on Wednesday: Item 5, Docket No. 2-2-09-01, petition by Denbury Onshore LLC; Item
10 9, Docket No. 2-2-09-05, petition by Exxon Mobil Corporation; Item 10, Docket No. 2-2-09-06,
11 petition by Exxon; Item 11, Docket No. 2-2-09-07, petition by Exxon; Item 12, Docket No. 2-2-
12 09-08, petition by Exxon; Item 13, Docket No. 2-2-09-09, petition by Exxon; Item 14, Docket
13 No. 2-2-09-10, petition by Exxon; Item 15, Docket No. 2-2-09-11, petition by Spindletop Oil and
14 Gas Company; Item 16, Docket No. 2-2-09-12, petition by Spindletop, and Item 17, Docket No.
15 2-2-09-13, petition by Spindletop. Any corrections or comments on these recommendations?
16 The first item to be heard today is Item 2, Docket No. 11-4-08-1A, petition by Winn Exploration
17 Company, Inc.

18 MR. TYRA: Mr. Rogers, I'm John Tyra here on behalf of Winn Exploration Company.
19 I have two witnesses to be sworn in, please.

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

21 MR. WOOD: Robert Wood, Tuscaloosa, Alabama.

22 MR. HANBY: Ken Hanby, Tuscaloosa, Alabama.

23 (Witnesses were sworn by Mr. Rogers)

24 MR. TYRA: Mr. Rogers, this is a petition by Winn Exploration Company to amend the
25 Special Field Rules for the Baileys Creek Field in Monroe County, Alabama. We are asking that
26 Rule 1 be amended to extend the field limits to include the East Half of the Northeast Quarter of
27 Section 35, Township 5 North, Range 5 East, that Rule 3 be amended to allow spacing of wells
28 on units consisting of 160 contiguous acres and that Rule 7 be amended to establish permanent

February 2, 2009

1 MR. TYRA: Thank you.

2 ROBERT WOOD

3 Appearing as a witness on behalf of Petitioner, Winn Exploration Company, Inc.,
4 testified as follows:

5 DIRECT EXAMINATION

6 Questions by Mr. Tyra:

7 Q. Mr. Wood, I'm going to start with you. First of all, you have a history with the Baileys
8 Creek Field, do you not?

9 A. I do.

10 Q. You also have been assisting Winn Exploration with this current endeavor and the current
11 petition and allegations that are contained therein?

12 A. I have.

13 Q. You have read those allegations and you have read that petition and are familiar with it?

14 A. Yes I have.

15 Q. You have prepared exhibits in support of that. Is that correct?

16 A. I did.

17 Q. Turn to your first exhibit and give us a brief history of the Baileys Creek area and tell us
18 what this exhibit shows.

19 A. The original field limits for the Baileys Creek Field was established in April of 1994 with
20 the discovery of the Callon Petroleum IP Scott Paper Company well. The original unit
21 for that well and the corresponding field limits consisted of the West Half of the
22 Northeast Quarter and the East Half of the Northwest Quarter of Section 35, Township 5
23 North, Range 5 East. That well was the discovery well. It was drilled in late 1993. The
24 field was established by Docket No. 4-13-945 in 1994. The well produced until 1997. It
25 was plugged in April 1997. Subsequently, this past year Winn Exploration evaluated the
26 seismic information and drilled an additional well on this structure. That is the well
27 highlighted in red. That would be the Winn Exploration-Craft Noble 35-1 No. 1 Well. It
28 was tested in March of 2008 in the Smackover, the same pool as the Baileys Creek Field

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1 allowables. We are also asking that the drilling unit for the Craft-Noble 35-1 No. 1 Well, Permit
2 No. 15396, be approved as a production unit consisting of the Northeast Quarter of said Section
3 35. I have previously filed an affidavit of notice that I would ask be made a part of the record at
4 this point.

5 MR. ROGERS: That affidavit is admitted.

6 (Whereupon, the affidavit was received in evidence)

7 MR. ROGERS: Would you state who these people are and what area they have
8 ownership in?

9 MR. TYRA: Which people?

10 MR. ROGERS: The people that you notified in the affidavit of notice.

11 MR. TYRA: These are all the owners under the Craft-Noble No. 1 well known to the
12 petitioner which are all the owners in the well. There are several of them as you can see. An
13 early title severance into the Botelar heirs and the Belcher heirs has resulted in several, several
14 owners. Actually, there are two groups of owners, one is the ATIC group which are the timber
15 companies down in South Alabama that do a lot together and the other group is the Botelar-
16 Belcher heirs. There are only two groups of owners although there are quite a few.

17 MR. ROGERS: Are these the owners in the proposed 160-acre production unit?

18 MR. TYRA: They are in the production unit. They are also the owners of the adjoining
19 unit or the original unit that was drilled early on.

20 MR. ROGERS: So, it is the entire area that is shown on the map in red?

21 MR. TYRA: That's correct. It is the Callon owners as well as the current owners.

22 MR. ROGERS: I thought that was right. Thank you.

23 MR. TYRA: Mr. Wood has testified before this Board a number of times as a petroleum
24 geologist. I would ask that he be recognized now as an expert petroleum geologist, please.

25 MR. ROGERS: He is so recognized.

26 MR. TYRA: Mr. Hanby, at the same time, has testified several times as a petroleum
27 engineer.

28 MR. ROGERS: Mr. Hanby is also recognized as an expert.

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1 as it was established. Today we are asking to amend the Special Field Rules to include
2 the East Half of the Northeast Quarter of Section 35. The current well that is producing
3 consists of a regular northeast quarter 160-acre drilling and production unit.

4 Q. Turn to your Exhibit No. 2.

5 A. Exhibit No. 2 is a structure map based on top of the Smackover formation. The datum
6 constructing the map includes the subsea true vertical depth in the three holes as shown
7 highlighted in yellow. The new well encountered the Smackover at 13,246 feet and it
8 logged pay in that interval. Today we are proposing to amend the Special Field Rules to
9 include all of the area shown highlighted in red and yellow. Once again, the existing unit
10 for the current producing well is shown highlighted in the light red color consisting of the
11 Northeast Quarter of Section 35.

12 Q. What does your Exhibit 3 show?

13 A. As far as Exhibit No. 2, based on the log information which we will discuss in subsequent
14 exhibits, we are showing that the productive extension of the reservoir as it was depicted
15 and found with the new information from the second well on the structure, the 35-1 well,
16 is occurring at -13,301 feet true vertical depth.

17 Q. That is shown with the dotted green lines. Is that correct?

18 A. That is correct. The ownership in the north half or all of this area in the proposed new
19 field limit is common, meaning that the royalty interest owners are common in both units.
20 The interest is different in the original unit and the subsequent unit but the ownership is
21 common in this proposed amended field.

22 Q. Exhibit 3.

23 A. Exhibit No. 3 is cross section A-A' extending from A to the west to A' to the east. It
24 extends to the left of the original discovery well which is the Callon Petroleum IP Scott
25 Paper Company 35-7 No. 1 Well. The datum for this cross section is the top of the
26 Smackover. This is a stratigraphic cross section highlighted in light blue and posted with
27 the subsea true vertical depth positions of the top of the Smackover. As you can see the
28 thickness is slightly thicker than in the second well. Based on log analysis and

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1 highlighted in green we have the probable present day oil-water contact that is occurring
2 at a measured depth of 13,584 feet or 13,301 feet true vertical depth in the second
3 subjected well. It is the same pool. It is the correlation therewith and this is a productive
4 extension of the original field. The Special Field Rules should be amended to include
5 this new well.

6 KEN HANBY

7 Appearing as a witness on behalf of Petitioner, Winn Exploration Company, Inc.,
8 testified as follows:

9 DIRECT EXAMINATION

10 Questions by Mr. Tyra:

11 Q. That brings us to Exhibit 4, Mr. Hanby, which you prepared. Is that correct?

12 A. That's correct.

13 Q. After the date that you prepared this have you received additional and subsequent
14 production data?

15 A. Yes sir.

16 Q. Have you done a supplemental Exhibit 4 that includes that?

17 A. Yes sir. I did an updated Exhibit No. 4 to call it Exhibit 4A which shows production
18 through January 28th.

19 Q. Okay.

20 MR. TYRA: Mr. Rogers, we have that supplemental information on this Exhibit 4A that
21 we would submit at this time.

22 MR. ROGERS: All right.

23 Q. Mr. Hanby, let's work from Exhibit 4A. Explain what this shows, please.

24 A. This is a graph showing the production since the well initially went on production on
25 May 2, 2008. The oil production in barrels of oil per day is shown in green. Gas
26 production in Mcf of gas per day is shown in red. Water is shown in blue in barrels of
27 water per day. The well initially was completed flowing. In late September a pump was
28 installed to assist in the production. You will notice a jump in the oil production just

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1 before October 1st reflecting the installation of that pump. From then until the end of
2 December or early start of January the well production had decreased very rapidly or had
3 decreased down to what is shown. It was decided to perform an acid job. On January
4 13th the well was acidized and came back on production flowing. The well is currently
5 still flowing with a flowing tubing pressure of 600 psi. With the supplemental exhibit,
6 Exhibit 4A, you can see that the oil production rate has been back up over 100 barrels of
7 oil per day or up to 200 barrels on a few days.

8 Q. We also have filed an OGB-9. You filed that Mr. Hanby?

9 A. Yes sir. Exhibit 5 is a copy of the original OGB-9 submitted on the well in March 2008
10 showing that the initial production was 233 barrels of oil per day, 164 Mcf of gas with a
11 flowing tubing pressure of 619 psi.

12 ROBERT WOOD

13 DIRECT EXAMINATION

14 Q. Mr. Wood, let's go back to Exhibit 2. Do you have some additional data that you would
15 like to share with the staff?

16 A. Yes. I prepared the original exhibits when the Baileys Creek Field was established. I
17 failed to mention that this map is based on the 3-D seismic survey. I used the additional
18 velocity information that was obtained from the drilling of the second subsequent well,
19 the Craft Noble 35-11. Using that velocity information I adjusted the structural
20 configuration. It is based on the same 3-D seismic survey as the original discovery well
21 and has been amended and updated with new information from the well including the
22 velocity information. I just wanted to point that out if the Board was reviewing the
23 differences between the two maps that I submitted on this well between 1994 and 2009.

24 MR. TYRA: Thank you, Mr. Wood. In your opinion would the granting of this petition
25 prevent waste and protect coequal and correlative rights?

26 MR. WOOD: Yes it will.

27 MR. TYRA: Mr. Hanby, I ask you the same question. In your opinion would the
28 granting of this petition prevent waste and protect coequal and correlative rights?

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1 MR. HANBY: Yes sir.

2 MR. TYRA: I would ask that the exhibits to the testimony of Mr. Wood and Mr. Hanby
3 be admitted to the record, please.

4 MR. ROGERS: The exhibits are admitted.

5 (Whereupon, the exhibits were received in evidence)

6 MR. TYRA: I would tender the witnesses to the staff for any questions they may have.

7 MR. ROGERS: Any questions from the staff? Mr. Tyra, the area that you said was
8 noticed was not just the red area. It is actually the whole field which is in red and yellow. That
9 is the area where people have gotten notice?

10 MR. TYRA: That's correct, the entire field.

11 MR. ROGERS: Mr. Wood, you stated that it is actually common ownership. Everybody
12 does not have the identical interest but the same owners have the interest throughout the field.

13 MR. WOOD: That is correct, Mr. Rogers.

14 MR. ROGERS: Any other questions? The staff will review the evidence and make a
15 recommendation to the Board.

16 MR. TYRA: Thank you.

17 MR. ROGERS: The next item is Item 6, Docket No. 2-2-09-02, petition by Black
18 Warrior Methane Corporation.

19 MR. WATSON: I have one witness, Mr. Rogers, and would ask that he be sworn in,
20 please.

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

22 MR. HUTCHENS: Eric Hutchens, McCalla, Alabama.

23 (Witness was sworn by Mr. Rogers)

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

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

27 (Whereupon, the affidavit was received in evidence)

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1 MR. WATSON: This is a request by Black Warrior Methane Corporation asking the
2 Board to force pool, without imposition of the risk compensation fee, all tracts and interests in
3 the proposed Westervelt 17-2-571 Well to be drilled on a 40-acre drilling unit consisting of the
4 Northwest Quarter of the Northeast Quarter of Section 17, Township 20 South, Range 8 West,
5 Tuscaloosa County, Alabama, in the Brookwood Coal Degasification Field.

6 ERIC HUTCHENS

7 Appearing as a witness on behalf of Petitioner, Black Warrior Methane Corporation,
8 testified as follows:

9 DIRECT EXAMINATION

10 Questions by Mr. Watson:

11 Q. Mr. Hutchens, are you familiar with this proposed well?

12 A. Yes I am.

13 Q. Does Black Warrior Methane own or control 100 percent of the interest in this proposed
14 40-acre unit? We do not own all of that, do we?

15 A. No.

16 Q. In fact, the State of Alabama owns or claims 5.8 net mineral acres or approximately 14.5
17 percent of the unit. Is that correct?

18 A. That's correct.

19 Q. Is it true that Black Warrior Methane owns or controls the other 34.2 acres in that 40-acre
20 unit?

21 A. Yes, that is correct.

22 Q. Is Black Warrior Methane prepared to drill a well on this 40-acre unit in the field if the
23 Board force pools the outstanding State interest?

24 A. Yes we are.

25 MR. WATSON: Mr. Rogers, you have a letter to Dr. Tew from Commissioner Lawley
26 regarding this matter. I would ask that that letter be made a part of the record.

27 MR. ROGERS: The letter is admitted.

28 (Whereupon, the letter was received in evidence)

1 Q. Mr. Hutchens, would the granting of this petition force pooling the State's interest,
2 without the imposition of the risk compensation fee, prevent waste and protect correlative
3 rights?

4 A. Yes.

5 Q. You have filed a permit application in advance of this hearing for the drilling of this
6 well?

7 A. Yes I have.

8 MR. WATSON: I tender the witness to the staff for any questions you have on this item.

9 MR. ROGERS: I'm not sure we admitted it, Mr. Watson, but we have your affidavit of
10 notice and that is admitted.

11 MR. WATSON: Yes, I asked for that up front.

12 MR. ROGERS: We have also admitted the letter from Commissioner Lawley. Are there
13 other questions? We are trying to get up-to-date on these orders, Mr. Watson, if you could be
14 sure that the proposed order states the interest and that the State of Alabama is the party being
15 force pooled, we would like to have that in. Anything else, Mr. Watson?

16 MR. WATSON: That's all we have on this item.

17 MR. ROGERS: The staff will review the evidence and make a recommendation to the
18 Board. The next item is Item 7, Docket No. 2-2-09-03, petition by Black Warrior Methane
19 Corporation.

20 MR. WATSON: Please admit the prefiled affidavit of notice in this item.

21 MR. ROGERS: The affidavit is admitted.

22 (Whereupon, the affidavit was received in evidence)

23 MR. WATSON: This is a request by Black Warrior Methane Corporation asking the
24 Board to force pool, without the imposition of the risk compensation fee, all tracts and interests
25 in the proposed Westervelt 17-8-572 well to be drilled on a 40-acre drilling unit consisting of the
26 Southeast Quarter of the Northeast Quarter of Section 17, Township 20 South, Range 8 West,
27 Tuscaloosa County, in the Brookwood Coal Degasification Field.

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ERIC HUTCHENS

Appearing as a witness on behalf of Petitioner, Black Warrior Methane Corporation,
testified as follows:

DIRECT EXAMINATION

Questions by Mr. Watson:

Q. Mr. Hutchens, there is an outstanding interest owned by the State in this 40-acre unit of
2.2 net mineral acres or 5.5 percent of the unit. Is that correct?

A. That is correct.

Q. Does Black Warrior Methane own or control the other 37.8 acres in this proposed 40-acre
unit?

A. Yes we do.

Q. Have you prefiled an application to drill a well on this unit, namely the Westervelt 17-8-
572 Well?

A. Yes we have.

Q. If the Board sees fit to grant this petition, is your company ready and willing to proceed
with the drilling of this well?

A. Yes.

Q. Would the granting of this petition, Mr. Hutchens, prevent waste and protect correlative
rights?

A. Yes.

MR. WATSON: Mr. Rogers, we also have from Commissioner Lawley a letter in
support of or not in opposition of this petition addressed to Dr. Tew. I would ask that that letter
be made a part of the record.

MR. ROGERS: We have a letter from Commissioner Lawley and the letter is admitted.

(Whereupon, the letter was received in evidence)

MR. WATSON: I tender the witness for any questions you have on this item.

MR. ROGERS: Any questions from the staff? We have no questions. Again, we would
like to get that draft order out as soon as we can.

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1 MR. WATSON: It's already prefiled, both of those.

2 MR. ROGERS: We will review it and maybe get it signed Wednesday. We appreciate
3 that, Mr. Watson. We will review the evidence and make a recommendation to the Board.

4 MR. WATSON: Thank you.

5 MR. ROGERS: The next item is Item 8, Docket No. 2-2-09-04A, petition by Robinson's
6 Bend Operating II, LLC.

7 MR. WATSON: Will you swear in Mr. Workman in case we need to ask him a question,
8 Mr. Rogers?

9 MR. ROGERS: Will you state your name and address for the record, please?

10 MR. WORKMAN: Brad Workman, Northport, Alabama.

11 (Witness was sworn by Mr. Rogers)

12 MR. WATSON: Mr. Rogers, this is a request by Robinson's Bend Operating II, LLC
13 asking the Board to reform a 40-acre unit for the Ingram 36-13-705 Well consisting of the
14 Southwest Quarter of the Southwest Quarter of Section 36, Township 21 South, Range 11 West,
15 Tuscaloosa County, in the Robinson's Bend Coal Degasification Field to an 80-acre unit
16 consisting of the South Half of the Southwest Quarter of said Section 36.

17 BRAD WORKMAN

18 Appearing as a witness on behalf of Petitioner, Robinson's Bend Operating II, LLC,
19 testified as follows:

20 DIRECT EXAMINATION

21 Questions by Mr. Watson:

22 Q. Mr. Workman, you are familiar with this petition where we are asking the Board to
23 reform a 40 back to an 80. Historically, we had originally permitted the Ingram 36-13-
24 705 Well on an 80-acre unit. That was done in December of 2006. We then came back
25 to the Board and asked the Board to reform that 80-acre unit to a 40-acre unit. That was
26 done in October 2008. Now we are back here today asking the Board to go from the 40
27 back to the original 80. Is the reason for that because Robinson's Bend Operating II is
28 not in a position now to drill a second well on this unit?

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1 A. That is correct.

2 Q. The economics have changed since the reformation of this unit. The company's plans for
3 additional drilling in the field necessitates us coming back for the original unit. Is that
4 correct?

5 A. Yes.

6 MR. WATSON: Mr. Rogers, I have prefiled an amended affidavit of testimony of Scott
7 White in support of reforming this 40 back to the original 80-acre unit with the understanding
8 that there is one permitted well that needs to be on the plat. We will get that filed as soon as
9 possible. Also, I would point out that we have filed letters from the two owners in the 80-acre
10 unit, Black Stone Mineral Company LP and Thomas and Frances Ingram.

11 Q. You are familiar with those letters whereby we requested those owners in this 80-acre
12 unit to consent to the going back to the 80-acre unit?

13 A. I am.

14 Q. Both those parties as they agreed to reform have agreed to go back to the 80-acre unit?

15 A. They have.

16 MR. WATSON: Those letters have been prefiled. I would ask that you incorporate those
17 into the record, Mr. Rogers.

18 MR. ROGERS: Those letters from Black Stone and the Ingram's are admitted.

19 (Whereupon, the letters were received in evidence)

20 MR. WATSON: Also, admit the amended affidavit of testimony of Scott White.

21 MR. ROGERS: The amended affidavit is admitted and also the affidavit of notice.

22 (Whereupon, the affidavits were received in evidence)

23 Q. Mr. Workman, by reforming this 40 back to an 80-acre unit will we then be in a position
24 to continue orderly developing the coalbed methane resources in Robinson's Bend and
25 will we protect correlative rights and avoid waste?

26 A. Yes.

27 MR. WATSON: I tender Mr. Workman to the staff for any questions you have on this
28 item.

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1 MR. ROGERS: Any questions from the staff? We will review the evidence and make a
2 recommendation to the Board. The last item is Item 18, Docket No. 2-2-09-14, petition by Black
3 Warrior Methane Corporation.

4 MR. WATSON: Mr. Rogers, may I remind Mr. Hutchens that he is still under oath?

5 MR. ROGERS: Mr. Hutchens, you are still under oath.

6 MR. WATSON: This is a petition by Black Warrior Methane asking the Board to extend
7 the temporary abandonment status of wells in the Brookwood Coal Degasification Field. The
8 Board in Order 2007-164 granted a temporary abandonment status for wells. We are here this
9 morning to give you an update report on the number of wells in the Brookwood Coal
10 Degasification Field for which we need an extended TA status and also to give you testimony
11 about the work that has been done for the plugging of additional wells in the field that were on
12 your list at the last hearing. Are you familiar with this petition and have you prepared an exhibit
13 in support of bringing the Board up-to-date on these wells, Mr. Hutchens?

14 MR. HUTCHENS: Yes I have.

15 ERIC HUTCHENS

16 Appearing as a witness on behalf of Petitioner, Black Warrior Methane Corporation,
17 testified as follows:

18 DIRECT EXAMINATION

19 Questions by Mr. Watson:

20 Q. We have several graphics here to assist in this summation, the one that I have handed up
21 to the staff. We will call this Exhibit No. 1 to the testimony of Eric Hutchens.

22 MR. ROGERS: This exhibit will be marked as Exhibit No. 1.

23 Q. As I appreciate this, Mr. Hutchens, the first page of this exhibit is a key that denotes
24 certain activities listed on the wells in the following pages. Is that right?

25 A. That is correct.

26 Q. Tell us how you set this up.

27 A. After last year's TA hearing meeting we started a comprehensive plan to go through our
28 entire field to get a good inventory of wells that were in a TA status, non-jurisdictional

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1 status and production status in lieu of mining operations. This list was derived as part of
2 that operation.

3 Q. I had a number of how many wells we have listed on this list, 154 wells. Is that about
4 right?

5 A. That is correct.

6 Q. Out of these 154 wells, the status of those wells is listed on Pages 2, 3 and 4 by referring
7 back to the key. Is that right?

8 A. That is correct.

9 Q. In summary, you have wells that we need to maintain that have utility either for the
10 underground mining operation or they have utility for additional gas that may be
11 produced, low volume gas, that is contaminated that could go to the recovery unit and be
12 put in the pipeline. Are there any other wells that I have failed to mention?

13 A. I think that is probably the bulk of them.

14 Q. Since the last hearing from the list that we presented to the Board at that time, have we
15 plugged additional wells?

16 A. Yes. Over the last two years we have been able to get the mining engineers to come to
17 the Board to explain to them our needs for clarification in the field. We have plugged in
18 excess of 110 wells in the last two years that they have approved of. As a part of that
19 operation we probably have an additional 20 wells this year that we are going to plug off
20 that list.

21 Q. I believe from the list that we had at the last hearing before the Board we have plugged
22 42 of the wells that were on the last list that was approved for an extension of the TA
23 status. Is that right?

24 A. That is correct.

25 Q. In summary, it is your testimony that Black Warrior Methane has an ongoing program to
26 plug and abandon those wells that have no future utility and are not needed either for gas
27 production or for mine ventilation and/or safety. Is that right?

28 A. That is correct.

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1 Q. These wells that are in the temporary abandonment stage, though they may have future
2 utility for production, are also a safety mechanism for the underground mine and detect
3 the build-up of methane gas in the sealed portions of the underground mine?

4 A. Yes.

5 Q. Thank goodness we have not had to use them on many occasions. They provide a
6 conduit for communication devices to the underground mine should that be needed.

7 A. Yes. That is correct. It is the mine's wish that we keep at least one well per panel in the
8 field. The ones that we were able to plug over the last two years were duplicate wells in
9 the same panel. That is the reason we have to keep some of them open.

10 Q. Would the granting of the petition extending the wells that are attached to our petition
11 today promote orderly development, prevent waste, protect the environment and allow
12 Black Warrior Methane and Jim Walter Resources to continue with the prudent
13 development of this state's natural resources?

14 A. Yes.

15 MR. WATSON: I would ask that you receive into the record Exhibit No. 1 to the
16 testimony of Mr. Hutchens. We have prepared, Mr. Rogers, a map that we can leave with the
17 staff that tracks all of these wells. It is color-coded. You are free to look at that at this point-in-
18 time but we prepared that at Mr. McQuillan's request so that you would have a base map with all
19 these wells listed on it. I don't know if you want to make that a part of the record or whether you
20 just want us to leave it with the staff. We are at your disposal to do whichever you would prefer.
21 This is showing the plugged and abandoned wells. These are the maps here. We could mark
22 those as exhibits and you can put them in your record. Would you like for us to go over the map
23 with you in testimony to point it out?

24 MR. ROGERS: We are not going to actually admit it, they are so large. We'll just have
25 it for review.

26 MR. WATSON: That's what I thought.

27 MR. ROGERS: We appreciate all the work that has been done. Any questions from the
28 staff? Exhibit No. 1 is admitted.

1 (Whereupon, the exhibit was received in evidence)
2 MR. ROGERS: Anything else, Mr. Watson?
3 MR. WATSON: That's all we have.
4 MR. ROGERS: We will review the evidence and make a recommendation to the Board.
5 MR. WATSON: Thank you.
6 MR. ROGERS: Is there anything else for the hearing? The hearing is adjourned.
7 (Whereupon, the hearing was adjourned at 10:41 a.m.)

1 REPORTER'S CERTIFICATE

2
3
4 STATE OF ALABAMA

5 COUNTY OF TUSCALOOSA
6

7 I, Rickey Estes, Hearing Reporter in and for the State of Alabama, do hereby certify that
8 on Monday, February 2, 2009, in the Board Room of the State Oil and Gas Board Building,
9 University of Alabama Campus, Tuscaloosa, Alabama, I reported the proceedings before a
10 Hearing Officer in Regular Session; that the foregoing 29 typewritten pages contain a true and
11 accurate verbatim transcription of said proceedings to the best of my ability, skill, knowledge,
12 and belief.

13 I further certify that I am neither kin or counsel to the parties to said cause, nor in any
14 manner interested in the results thereof.
15

16 
17 Rickey Estes
Hearing Reporter