

May 5, 2009

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2. Ryan Leach	25-26	---	---

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7/24/09

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Board Exhibit	Proofs of Publication Docket No. 5-5-09-01 Docket No. 5-5-09-02 Docket No. 5-5-09-03 Docket No. 5-5-09-04 Docket No. 5-5-09-05 Docket No. 5-5-09-06 Docket No. 5-5-09-07 Docket No. 5-5-09-09 Docket No. 5-5-09-10 Docket No. 5-5-09-11 Docket No. 5-5-09-12 Docket No. 5-5-09-13	12	12
Board Exhibit A & B	Postings of May 5 and May 7, 2009, Board meetings on Website of Secretary of State	12	12
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Exhibit 1 (Item 3)	Cement plugging recommendation Bolden GSPC 32-1-1 Well Sec. 32, T21N, R4E, Hale County (William T. Watson)	14	14
Exhibit 2 (Item 3)	Cement plugging recommendation Burke 29-7 No. 1 Well Sec. 29, T21N, R4E, Hale County (William T. Watson)	14	14
Exhibit 3 (Item 3)	9/29/08 letter to Jerry Philpott of Coronado Alabama (Doug Hall)	14	14

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 1 (Item 10)	Well location plat, Fountain Farm 4-16 #1 Well, Sec. 4, T2N, R6E, Escambia County (Tony Stuart)	21	21
Exhibit 2 (Item 10)	Cross section A-A', Fountain Farm 4-16 #1 Well, Sec. 4, T2N, R6E, Escambia County (Tony Stuart)	21	21
Exhibit 3 (Item 10)	Structure map, Fountain Farm 4-16 #1 Well, Sec. 4, T2N, R6E, Escambia County (Tony Stuart)	21	21
Exhibits 3a, 4 & 5 (Item 10)	Seismic surveys (Tony Stuart)	21	21
Exhibit 6 (Item 10)	Well location map, Fountain Farm 4-16 #1 Well, Sec. 4, T2N, R6E, Escambia County (Tony Stuart)	21	21
Exhibit 7 (Item 10)	Affidavit of notice (John Foster Tyra)	16	16
Exhibit 8 (Item 10)	Affidavit of confidentiality (Tony R. Stuart)	17	17
Exhibit 9 (Item 10)	5/5/09 letter to Board (John Foster Tyra)	17	17
Exhibit 10 (Item 10)	4/8/09 letter with attachment to Thompson Acquisitions, LLC (M Barnett Lawley)	21	21

May 5, 2009

EXHIBITS

EXHIBIT NO. (ITEM NO.)	TITLE (TESTIMONY OF)	OFFERED	RECEIVED
Exhibit 1 (Item 12)	Affidavit of notice (Foster C. Arnold)	24	24
Exhibits 2 & 3 (Item 12)	4/23/09 letter with attachment to Foster Arnold with attached green card & Resolution (Walter Maddox, Mayor of Tuscaloosa)	24	24
Exhibit 4 (Item 12)	Affidavit of testimony with attached resume (Ryan C. Leach)	24	24

STATE OIL AND GAS BOARD OF ALABAMA

Tuscaloosa, Alabama

May 5, 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 5th day of May, 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

Mr. Jacques Chasse Geologist

May 5, 2009

APPEARANCES

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<u>NAME</u>	<u>REPRESENTING</u>
1. Tony Stuart Hattiesburg, MS	Venture Oil and Gas, Inc.
2. Peter Biglane Laurel MS	Venture Oil and Gas, Inc.
3. Jarvis Hensley Hattiesburg, MS	Venture Oil and Gas, Inc.
4. John Tyra Tuscaloosa, AL	Venture Oil and Gas, Inc.
5. Tom Watson Tuscaloosa, AL	Coronado Alabama, LLC
6. Ryan Leach Tuscaloosa, AL	El Paso E&P Company, L.P.
7. Foster Arnold Tuscaloosa, AL	El Paso E&P Company, L.P.
8. Donnie Naramore Jasper, AL	Naramore/Davison wells

May 5, 2009

(The hearing was convened at 10:08 a.m. on
Tuesday, May 5, 2009, at Tuscaloosa, Alabama.)

MR. ROGERS: This hearing is in session. Dr. Tew, have the items for the May 5 and
May 7, 2009, meeting been properly noticed?

DR. TEW: The items on the May 5 and May 7, 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
MAY 5 & 7, 2009

The State Oil and Gas Board of Alabama will hold its regular hearing at
10:00 a.m. on Tuesday, May 5, 2009, and Thursday, May 7, 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. 3-24-09-10

2 Continued petition by PALMER PETROLEUM, INC., a foreign
3 corporation authorized to do and doing business in the State of Alabama,
4 requesting the State Oil and Gas Board to enter an order force pooling,
5 with a risk compensation penalty, all tracts and interests in hydrocarbons
6 produced from the Smackover Formation in Petitioner's proposed
7 Grantham-Bass 14-10 No. 1 Well to be drilled on a 160-acre wildcat unit
8 consisting of the Southeast Quarter of Section 14, Township 4 North, Range
9 14 East, Covington County, Alabama.

10
11 This Petition is in accordance with Section 9-17-13, Code of Alabama
12 (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of
13 Alabama Administrative Code.

14
15 3. DOCKET NO. 3-24-09-11

16 Continued petition by CORONADO ALABAMA, LLC, an Alabama limited
17 liability company, authorized to do and doing business in the State of
18 Alabama, requesting the State Oil and Gas Board to enter an order extending
19 the temporarily abandoned status of the Bolden-GSPC 32-1-1 Well, Permit
20 No. 8434-A, located on a 40-acre wildcat drilling unit consisting of the
21 Northeast Quarter of the Northeast Quarter of Section 32, Township 21
22 North, Range 4 East, Hale County, Alabama, for one year, in accordance
23 with Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama
24 Administrative Code and extending the shut-in status of the Burke 29-7 No.
25 1 Well, Permit No. 3939-A, located on a 40-acre wildcat drilling unit
26 consisting of the Southwest Quarter of the Northeast Quarter of Section 29,
27 Township 21 North, Range 4 East, Hale County, Alabama, for one year in
28 accordance with Rule 400-1-4-.17(2) of said State Oil and Gas Board of
29 Alabama Administrative Code because said wells have future utility and
30 should not be plugged.

31
32 4. DOCKET NO. 5-5-09-01

33 Petition by SPOONER PETROLEUM COMPANY, INC., a foreign
34 corporation, authorized to do and doing business in the State of Alabama,
35 requesting the State Oil and Gas Board of Alabama to enter an order
36 approving a permit, subject to requirements of Rule 400-4-2-.01 of the
37 State Oil and Gas Board Administrative Code relating to Underground
38 Injection Control, to convert the Chevron-HOR-Alger Tenants 2, et al.
39 Unit No. 2 Well, Permit No. 1548 located 1650 feet from the south line
40 and 1650 feet from the east line of Section 3, Township 1 North, Range 8
41 East, Escambia County, Alabama, to a Class II injection well for the

1 purpose of injecting and disposing of salt water brought to the surface in
2 connection with oil and/or gas production.
3

4 5. DOCKET NO. 5-5-09-02

5 Petition by SPOONER PETROLEUM COMPANY, INC., a foreign
6 corporation, authorized to do and doing business in the State of Alabama,
7 requesting the State Oil and Gas Board of Alabama to enter an order
8 approving an exceptional location for the proposed Chavers 3-14 No. 1
9 Well to be drilled at a location 240 feet from the North line and 640 feet
10 from the East line of a proposed 40-acre drilling unit consisting of the
11 Southeast Quarter of the Southwest Quarter of Section 3, Township 1
12 North, Range 8 East, Escambia County, Alabama to be drilled as a wildcat
13 well to the Lower Tuscaloosa Pilot Sand. Said location is an exception to
14 Rule 400-1-2-.02(2)(a) of the State Oil and Gas Board of Alabama
15 Administrative Code which requires that such a well be located 330 feet
16 from any exterior boundary of the drilling unit.
17

18 6. DOCKET NO. 5-5-09-03

19 Petition by EXXON MOBIL CORPORATION, a foreign corporation
20 authorized to do and doing business in the State of Alabama, requesting
21 the State Oil and Gas Board to enter an order pursuant to Rules 400-1-7-
22 .01 and 400-1-8-.03 of the State Oil and Gas Board of Alabama
23 Administrative Code approving the proposed measurement and allocation
24 procedures for a 4-inch fuel gas bidirectional jumper pipeline,
25 approximately 1,000 feet in length, between the Onshore Treating Facility
26 return fuel line and the Mary Ann Gas Plant return fuel line, all located in
27 Mobile County, Alabama. In Board Order 2003-81, dated August 1, 2003,
28 the Board approved the construction and installation of the above-
29 described 4-inch jumper bi-directional pipeline to said fuel lines subject to
30 Petitioner requesting approval to commingle the two fuel gas systems and
31 approval of proposed measurement and allocation procedures.
32

33 7. DOCKET NO. 5-5-09-04

34 Petition by SHELL OFFSHORE INC. ("Shell") a corporation authorized
35 to do and doing business in the State of Alabama. Shell is requesting the
36 State Oil and Gas Board to approve Modification of the Production,
37 Allocation and Reporting Methodology for Shell's Fairway Field, Mobile
38 County, Alabama to be consistent with the Department of Conservation's
39 agreed upon measurement, allocation and reporting methodology. The
40 allocation procedure balances the production volumes from the Fairway
41 Field (State Leases 531, 532) with the volumes of products sold or

1 consumed within the Yellowhammer Plant and Fairway Field. The
2 jurisdiction and authority of the Oil and Gas Board is provided in Section
3 9-17-1, et seq., Code of Alabama (1975) as amended.
4

5 This Petition is filed as a companion to a petition bearing Docket No. 5-5-
6 09-05 requesting approval of the commingling of State and federal natural
7 gas streams.
8

9 8. DOCKET NO. 5-5-09-05

10 Petition by SHELL OFFSHORE, INC. ("Shell") a corporation authorized
11 to do and doing business in the State of Alabama and Devon Energy
12 Production Company, L.P. ("Devon"), an Oklahoma limited partnership,
13 requesting the State Oil and Gas Board to grant approval of the
14 commingling of State and federal natural gas streams. Devon is the
15 operator of Mobile Area Block 826 OCS G-26176 Well Number 001
16 (Sleeping Bear), from which federal gas resources will be commingled
17 with State gas resources originating from Shell's Fairway Field, Mobile
18 County, Alabama. The point the commingling will occur will be the
19 Mobile Bay Platform 113A, downstream of Shell's Fairway Field gas
20 allocation meter. Petitioners aver that the processing of the federal gas
21 resources will not change or affect Shell's current State allocation and
22 reporting methodology. The jurisdiction and authority of the Oil and Gas
23 Board is provided in Section 9-17-1, et seq., Code of Alabama (1975) as
24 amended.
25

26 This Petition is filed as a companion to a petition bearing Docket No. 5-5-
27 09-04 requesting approval of the Modification of the Production,
28 Allocation and Reporting Methodology for Shell's Fairway Field.
29

30 9. DOCKET NO. 5-5-09-06

31 Petition by MIDROC OPERATING COMPANY, a foreign corporation
32 authorized to do and doing business in the State of Alabama, requesting
33 the State Oil and Gas Board to enter an order approving the exceptional
34 bottom hole location of the Kendall Lands 24-10 Well, Permit No. 15924,
35 as an exception to Rule 3(b) of the Special Field Rules for the Little Cedar
36 Creek Field. Said well was drilled on a 160-acre production unit consisting
37 of the Southeast Quarter of Section 24, Township 4 North, Range 12 East,
38 Conecuh County, Alabama, in the Little Cedar Creek Field, at a surface
39 location 1,965 feet from the South line and 2,110 feet from the East line of
40 said 160-acre production unit, but said well drifted such that the bottom

1 hole location is 517 feet from the North line and 536 feet from the West
2 line of said 160-acre production unit.
3

4 Rule 3(b) of the Special Field Rules for the Little Cedar Creek Field
5 requires that a well in said Field be located at least six hundred sixty (660)
6 feet from any exterior boundary of the drilling unit. However, the bottom
7 hole location of the referenced well, being 517 feet from the North line
8 and 536 feet from the West line of said 160-acre unit, is an exception to
9 said Rule.
10

11 10. DOCKET NO. 5-5-09-07

12 Petition by VENTURE OIL AND GAS, INC., a foreign corporation,
13 authorized to do and doing business in the State of Alabama, requesting
14 the State Oil and Gas Board of Alabama to enter an order approving an
15 exceptional location for the proposed Fountain Farm 4-16 No. 1 Well to
16 be drilled to the Jurassic at a location 433.78 feet from the South line and
17 1040.02 feet from the East line of a proposed 160-acre drilling unit
18 consisting of the Southeast Quarter of Section 4, Township 2 North,
19 Range 6 East, Escambia County, Alabama to be drilled as a wildcat well
20 in said Escambia County, Alabama. Said location is an exception to Rule
21 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama
22 Administrative Code which requires that such a well be located 660 feet
23 from any exterior boundary of the drilling unit.
24

25 11. DOCKET NO. 5-5-09-08

26 Petition by LAND AND NATURAL RESOURCE DEVELOPMENT,
27 INC., an Alabama corporation, requesting the State Oil and Gas Board to
28 enter an order force pooling, with a risk compensation penalty, all tracts and
29 interests in hydrocarbons produced from formations of Mississippian Age,
30 from the re-entry of the Irvin 5-6 #1 Well, Permit No. 11596, located on a
31 320-acre wildcat drilling unit consisting of the West Half of Section 5,
32 Township 19 South, Range 13 West, Pickens County, Alabama,
33

34 This Petition is in accordance with Section 9-17-13, Code of Alabama
35 (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas Board
36 of Alabama Administrative Code.
37

38 12. DOCKET NO. 5-5-09-09

39 Petition by EL PASO E&P COMPANY, L.P., a Delaware limited
40 partnership, authorized to do and doing business in the State of Alabama,
41 requesting the State Oil & Gas Board of Alabama to enter an order force

pooling without risk compensation, all tracts and interests in coalbed methane produced from the Pottsville formation in a 40-acre drilling unit for the proposed Farmer 2-13-335 Well, having a unit consisting of all of the Southwest Quarter of the Southwest Quarter of Section 2, Township 19 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. Petitioner requests that due and proper notice of the hearing on this matter be given in the manner and form and for the time required by law and the rules and regulations of this Board.

13. DOCKET NO. 5-5-09-10

Petition by EL PASO E&P COMPANY, L.P., a Delaware limited partnership, authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama to enter an order force pooling without risk compensation, all tracts and interests in coalbed methane produced from the Pottsville formation in an 80-acre drilling unit for the proposed Bane 31-09-332 Well, having a unit consisting of the Northeast Quarter of the Southeast Quarter and the Southeast Quarter of the Northeast Quarter, Section 31, Township 18 South, Range 9 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. Petitioner requests that due and proper notice of the hearing on this matter be given in the manner and form and for the time required by law and the rules and regulations of this Board.

14. DOCKET NO. 5-5-09-11

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 a 40-acre drilling unit for the proposed Kimbrough 03-01-454 Well, having a unit consisting of all of the Northeast Quarter of the Northeast Quarter, Section 3, Township 18 South, Range 9 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. 5-5-09-12

Petition by EL PASO E&P COMPANY, L.P., a Delaware limited partnership, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order amending Rule 4 of the Special Field Rules for White Oak Creek Coal Degasification Field, Walker, Jefferson and Tuscaloosa Counties, Alabama to allow a second well to be drilled and produced within 80-acre drainage or production units in the Field, in accordance with the provisions of Section 9-17-12b of the Code of Alabama (1975), as amended.

16. DOCKET NO. 5-5-09-13

Petition by DE SOTO OIL & GAS, INC., a Florida corporation authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama ("Board") to enter an order force pooling, without risk compensation, of all tracts and interests in a 640-acre production unit for the Godwin 14-3 No. 1 Well, Permit No. 15687-B, having a production unit consisting of all of Section 14, Township 1 North, Range 7 East, Escambia County, Alabama, in the Big Escambia Creek Field. On February 8, 2008, the Board in Order No. 2008-23, under Docket No. 2-6-08-23, on the petition by De Soto Oil & Gas, Inc. force pooled and integrated with risk compensation the above-described 640-acre production unit in the Big Escambia Creek Field. Following said order Petitioner drilled and completed the Well as a productive gas well in the Big Escambia Creek Field. Petitioner further requests that the Board terminate Board Order 2008-23, the nonconsenting owner under Board Order 2008-23 having consented. De Soto Oil & Gas, Inc. now requests the Board to force pool and integrate all remaining interests in said unit without risk compensation, De Soto Oil & Gas, Inc. having discovered such additional non-consenting owners in said unit subsequent to the drilling of said well. 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.

17. 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 Gilberttown 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

18. DOCKET NO. 8-26-08-25

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting Operator, Daybreak Oil and Gas, Inc., to show cause why the following abandoned wells located in the Gilberttown Field in 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.

Gilbertown Field Wells (non-unitized) grouped by wells that produce to a common Tank Battery

<u>Permit No.</u> (Tank Battery No.)	<u>Well Name</u> (Tank Battery)	<u>Location</u>
190	A. M. Mosley #1	S3, T10N, R3W
1052	Leo Stewart	S2, T10N, R3W
3102	Stewart #3-9	S3, T10N, R3W
3094	Long #5-5	S5, T10N, R3W
4231	Kingree #5-12	S5, T10N, R3W
(102 TB)	(Carolyn Moseley #1)	S5, T10N, R3W
271	F. A. Adams et al #1	S6, T10N, R3W
(258 TB)	(Cooper Wigham # 1)	S6, T10N, R3W
3469	Smith Trice #34-10	S34, T11N, R4W
(3469 TB)	(Smith Trice #34-10)	S34, T11N, R4W

Gilbertown Field Well (non-unitized) with no tanks or salt water disposal well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
3096	Steve Scruggs #32-10	S32, T11N, R4W

Gilbertown Field Wells in the Gilbertown (Eutaw Sand) Unit grouped by wells that produce to a common Tank Battery and a former water injection well

129	F. M. Mosley #1	S3, T10N, R3W
1367	Rex Alman #4	S4, T10N, R3W
113	Johnson Unit #1	S4, T10N, R3W
131-A	E. A. Rentz #2	S4, T10N, R3W
136	F. M. Johnson 4-7 #2	S4, T10N, R3W
(former injection well)		

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 MR. ROGERS: The Hearings Reporter has received and compiled the proofs of
14 publication for the items appearing on the docket for the first time. These proofs of publication
15 for the items on the May 5 and May 7, 2009, docket are admitted into the record.

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

17 MR. ROGERS: Furthermore, copies of the information posted on the Website of the
18 Secretary of State announcing these two meetings of the State Oil and Gas Board on May 5 and
19 May 7, 2009, and a confirmation of successful postings from the Secretary of State's Office are
20 also admitted into the record and the docket itself is admitted into the record.

21 (Whereupon, information posted on Secretary of State Website and
22 confirmation of successful postings from Secretary of State
23 were received in evidence)

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

27 (Whereupon, the Order was received in evidence)

28 MR. ROGERS: The procedure for the meeting is as follows: The Hearing Officer and
29 the staff will hear the uncontested items on the docket today and certain other items. The State
30 Oil and Gas Board will hear the recommendations of the Hearing Officer, contested items and
31 certain other items beginning at 10:00 a.m. on Thursday, May 7, 2009, here in this room at the
32 State Oil and Gas Board. I will recommend that the following petitions be continued: Item 1,

1 Docket No. 6-16-08-16B, petition by Benjamin V. Coody, d/b/a Pete's Pumping Service; Item 7,
2 Docket No. 5-5-09-04, petition by Shell Offshore Inc.; Item 8, Docket No. 5-5-09-05, petition by
3 Shell Offshore Inc.; Item 9, Docket No. 5-5-09-06, petition by Midroc Operating Company; Item
4 11, Docket No. 5-5-09-08, petition by Land and Natural Resource Development, Inc.; Item 13,
5 Docket No. 5-5-09-10B, petition by El Paso E&P Company, L.P.; Item 14, Docket No. 5-5-09-
6 11A, petition by El Paso; Item 16, Docket No. 5-5-09-13A, petition by De Soto Oil & Gas, Inc.
7 and Item 17, Docket No. 4-25-06-34, a Motion by the State Oil and Gas Board. The following
8 items are set for hearing by the Board at the hearing on Thursday: Item 2, Docket No. 3-24-09-
9 10A, petition by Palmer Petroleum, Inc.; Item 4, Docket No. 5-5-09-01A, petition by Spooner
10 Petroleum Company, Inc.; Item 5, Docket No. 5-5-09-02, petition by Spooner; Item 6, Docket
11 No. 5-5-09-03, petition by Exxon Mobil Corporation; Item 15, Docket No. 5-5-09-12B, petition
12 by El Paso E&P Company L.P. and Item 18, Docket No. 8-26-08-25, a Motion by the State Oil
13 and Gas Board of Alabama relating to operator Daybreak Oil and Gas, Inc. in Choctaw County,
14 Alabama. Are there any changes or comments on those recommendations?

15 MR. WATSON: Mr. Rogers, continue Item 2 until the next regular meeting.

16 MR. ROGERS: All right sir. We will make that recommendation. Item 2, Docket No.
17 3-24-09-10A is a petition by Palmer Petroleum, Inc. for force pooling. Are there any objections
18 to that? Then that will be our recommendation to the Board. Anything else? That brings us to
19 the first item that is set for today which is Item 3, Docket No. 3-24-09-11, petition by Coronado
20 Alabama, LLC.

21 MR. WATSON: Mr. Rogers, I would ask that you admit into the record of this hearing
22 the notice relative to this matter.

23 MR. ROGERS: There are no notice affidavits. This is just notice by publication.

24 MR. WATSON: This request by Coronado Alabama, LLC is asking the Board to extend
25 the temporary abandonment status for one well and extend the shut-in status for another well,
26 both wells being in Hale County and both wells being wildcats. I have prefiled with the Board
27 questionnaires prepared at the request of the staff by Coronado answering certain questions
28 relative to these wells. Coronado was directed to include in the record of this hearing the cost of

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1 plugging these wells. I have prefiled reports from Halliburton relative to the costs associated
2 with the plugging of these wells. I would ask that those reports for the two wells from
3 Halliburton be admitted into the record along with the questionnaires prepared by Coronado.

4 MR. ROGERS: What we would like to do, Mr. Watson, we will admit the Halliburton
5 submittals for the costs. We would like to not at this time admit the questionnaires because there
6 appear to be some errors in those and need some discussion.

7 MR. WATSON: That's fine. I know that the bond amount is overstated in the
8 questionnaire and that needs to be corrected. We would be glad to do that.

9 MR. ROGERS: We will admit these proposals for the cost to plug the wells as Exhibits 1
10 and 2. Exhibit 1 will be related to the Bolden well. Exhibit 2 will be related to the Burke well.

11 (Whereupon, the exhibits were received in evidence)

12 MR. WATSON: For the record might I state that the staff on September 29, 2008,
13 advised Mr. Philpott of Coronado that these wells should be shut in, that's the Bolden well. The
14 Burke well should be classified as--I'm sorry, the Burke well should be shut in instead of being
15 temporarily abandoned and the Bolden well should be temporarily abandoned. That was
16 approved until March of this year at which time Coronado was directed to come to the Board and
17 seek an extension of those. That is the reason for the new petition today seeking the extension of
18 shut in and TA status for the two wells. I would ask that you make that letter of September 29,
19 2008, to Mr. Philpott a part of your record today.

20 MR. ROGERS: Do you have a copy of that letter, Mr. Watson?

21 MR. WATSON: I do.

22 MR. ROGERS: We will admit that letter into the record.

23 (Whereupon, the letter was received in evidence)

24 MR. WATSON: I might also state that the primary reason for the request as stated in the
25 petition and in the questionnaire is that these are two wells that are stranded gas wells, that is
26 they are located out in an area that is not serviced by gas pipelines. They have future utility and
27 should not be plugged. As the staff knows there is other activity in the general area in Hale
28 County. Coronado has a significant leasehold position numbering approximately 8,000 acres and

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1 they would like to hang onto these wells until such time as the area is fully developed. They will
2 develop these wells accordingly. With that and with the introduction of this letter of September
3 29th, that is all I have on this matter, Mr. Rogers.

4 MR. ROGERS: All right. Just to review, we continued this at the hearing on March 26th
5 and requested that these estimates for plugging and abandonment be submitted at this hearing.
6 That is what you have done. You submitted these estimates. We now have admitted this letter
7 from Doug Hall to Mr. Philpott at Coronado. Any questions or comments from the staff? Just to
8 state and you may have already said this, Mr. Watson, but the bonds on these wells are single
9 well bonds for \$15,000 each. I understand that the plugging estimates came in less than the bond
10 amount.

11 MR. WATSON: Yes sir, about \$9,000.

12 MR. ROGERS: For each well?

13 MR. WATSON: Yes sir.

14 MR. ROGERS: We will review this evidence and make a recommendation to the Board.
15 Thank you, Mr. Watson. The next item is Item 10, Docket No. 5-5-09-07, petition by Venture
16 Oil and Gas, Inc. Mr. Tyra, would you proceed with this matter?

17 MR. TYRA: Yes. I have one witness to be sworn in, please.

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

19 MR. STUART: Tony Stuart, 511 Mamie Street, Hattiesburg, Mississippi.

20 (Witness was sworn by Mr. Rogers)

21 MR. TYRA: This is a petition by Venture Oil and Gas, Inc. requesting the State Oil and
22 Gas Board to enter an order approving an exceptional location for the proposed Fountain Farm 4-
23 16 No. 1 Well which we propose to drill to the Jurassic at a location 433.78 feet from the South
24 line and 1040.02 feet from the East line of our proposed drilling unit. The proposed drilling unit
25 is a 160-acre unit consisting of the Southeast Quarter of Section 4, Township 2 North, Range 6
26 East. It is in Escambia County, Alabama, and it is a wildcat well; therefore, our location is an
27 exception to Rule 400-1-2-.02(2)(b) of the Administrative Code. Mr. Stuart, have you ever
28 testified before this Board?

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1 MR. STUART: No sir.

2 MR. TYRA: Have you filed with the Board a copy of your resume and your
3 qualifications?

4 MR. STUART: Yes sir.

5 MR. TYRA: Give the staff a brief history of your educational background and what you
6 have done in the industry, please.

7 MR. STUART: I have a Bachelor's Degree and a Master's Degree from the University
8 of Southern Mississippi. I have worked in the petroleum industry for 30 years mostly in
9 Mississippi in the Interior Salt Basin. I have also worked in south Louisiana, south Texas and
10 more recently in Alabama. I have been employed by Venture Oil and Gas for the past two years
11 after spending about 25 years as an independent. We operate six fields and about 100 wells in
12 the Mississippi Salt Basin.

13 MR. TYRA: You said you had your Bachelor's Degree and Master's Degree and that
14 would be in geology. Is that correct?

15 MR. STUART: Yes that's correct.

16 MR. TYRA: Have you reviewed the petition that we filed in this matter? Are you
17 familiar with it and the allegations contained in it?

18 MR. STUART: I am.

19 MR. TYRA: Have you also prepared exhibits in support of that petition?

20 MR. STUART: Yes sir.

21 MR. TYRA: I would ask that Mr. Stuart be recognized as an expert petroleum geologist
22 at this time, please.

23 MR. ROGERS: He is so recognized.

24 MR. TYRA: I have previously filed an affidavit of notice, publication notice, and would
25 ask that that be made a part of the record.

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

27 (Whereupon, the affidavit was received in evidence)

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TONY STUART

Appearing as a witness on behalf of Petitioner, Venture Oil & Gas Inc., testified as follows:

DIRECT EXAMINATION

Questions by Mr. Tyra:

Q. Mr. Stuart, give a quick overview of what Venture is doing and has been doing in this area of Alabama.

A. This particular project is a 3-D seismic shoot. We are in the second year of it right now; actually it has been going on at least two years. It is a 75-square mile shoot. We have spent approximately \$8 million to this point on acquiring the 3-D data that we are generating these prospects with. In this particular shoot we are about to drill four of our better projects on this. This is the first one of the four. That's our first drilling phase in this program. In addition to what we have already spent each of these well's dry hole cost is estimated at \$2 million. To complete one of these wells is another approximately \$1.3 million. We are acquiring the rights to shoot another 100 mile 3-D survey also in south Alabama.

Q. All right sir. You said this is based upon seismic. Is it true that Exhibits 3a, 4 and 5 are examples of that seismic or taken from that seismic?

A. Yes sir.

MR. TYRA: We have previously filed a letter and an affidavit requesting that those three exhibits be held on a confidential basis because of the proprietary nature of them. I would ask that that letter and the affidavit be admitted at this time.

MR. ROGERS: The letter to Dr. Tew dated May 5, 2009, and the attached affidavit of confidentiality executed by Mr. Tony R. Stuart on May 5, 2009, are admitted. Those two documents are admitted.

(Whereupon, the letter and affidavit were received in evidence)

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1 MR. ROGERS: You are requesting that these seismic exhibits be considered confidential
2 and proprietary and unavailable for public disclosure?

3 MR. TYRA: Yes sir. That would be Exhibits 3a, 4 and 5.

4 MR. ROGERS: Any objection to that? The ruling of the Chair is that these exhibits are
5 confidential and proprietary and will be unavailable for public disclosure. They will be kept in
6 our record files and unavailable to the public, only to interested parties.

7 Q. Thank you very much. Mr. Stuart, you said that you prepared exhibits in support of this
8 petition. I would ask you to turn to Exhibit No. 1 and tell us what that shows.

9 A. Exhibit 1 is a map of the area around the Fountain Farm location. This is located on the
10 prison grounds, actually in the old garden plot of the prison. We are in Escambia County,
11 a little south of the Huxford Field area and a little southwest of the Smiths Church Field
12 area. It is about two miles south of the production in Huxford, so we don't have any
13 wells in the immediate vicinity. It's a wildcat. Also shown is Exhibit A or cross section
14 line A-A'. Exhibit No. 2 is a little cartoon cross section. It's a generalized cross section
15 showing the concept of our little play here. All these prospects in this seismic shoot are
16 going to be very similar. These are basement highs. We are looking for Smackover
17 reservoir rock that would have accumulated on the basement highs. It's a Smackover
18 porosity play. Basically what I am showing is an old Exxon well on the left-hand side of
19 the cross section which would be south and east of us and the top of the Smackover there.
20 We are hoping to be quite a bit higher to that well and have a rollover between us and the
21 production up at the Texaco well in Huxford Field to the north. It is fairly generalized
22 but that's the general idea of basically all of these prospects.

23 Q. Turn to your Exhibit No. 3 please. What does this show?

24 A. Exhibit 3 is a seismic structure map contoured on top of the Smackover formation. The
25 proposed location for the Fountain Farm well is indicated in red. We have asked for a
26 160-acre unit. The yellow shows the outline of the leases. If this well is successful we
27 hope to be able to offset it with a few more wells in here on some of these structural
28 highs.

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26 160-acre unit. The yellow shows the outline of the leases. If this well is successful we
27 hope to be able to offset it with a few more wells in here on some of these structural
28 highs.

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1 Q. All right sir. You are showing the location on this 2808 contour line. It looks as though
2 you could just go up that line and be at a legal location and if you are there you could
3 save the time, the expense and the trouble of being here right now. Why did you not
4 locate this at a legal location?

5 A. That is where the seismic amplitude interpretation comes in. If you look at Exhibit 3a
6 which we submitted, it is a little different scale. It is blown up a little bit but it is
7 basically the same map. We are showing the seismic amplitude of that. You can see in
8 the red, the yellow, and the orange and red a large negative amplitude. It's a bright spot
9 basically that I'm sure everybody has heard about. If you look up to the north and east of
10 our proposed location you will see a little blank area in the map. That is the
11 discontinuity. We loose our porosity signature through that area. We don't really know
12 why. My opinion is there is possibly an erosional surface on top of the Smackover which
13 is not particularly uncommon in this kind of structure. We don't really know what it is
14 and we would certainly like to not find out, at least on this first well. If you look on the
15 left-hand side of the map I have Lines 1127 and 1129 labeled. Line 1127 is the one that
16 goes east and west through our proposed location. That is shown on Exhibit 4.

17 Q. All right. Let's go to your Exhibit 4.

18 A. This is an east-west seismic line through our location. This is the drill line here. You can
19 see our seismic signatures as we go down. I'll give you a little run down on the
20 stratigraphy. Just above 2.7, that dark black line through there, is the peak on top of the
21 Lower Haynesville. As you go down you have the Haynesville interbedded sands, the
22 shales and there are some salt stringers in there. The thick black line is our Buckner
23 reflector. That is the trough on the Buckner that we can carry pretty easily through that
24 area because the velocity is so much different than the overlying Haynesville. Right at
25 the base of that Buckner that I've indicated with a blue line is where we are showing the
26 top of the Smackover. If you look closely at the proposed wellbore you can see a little
27 trough peak, trough signature, there that we have been able in other areas to tie very
28 closely with Smackover porosity development. That is a pretty good signature of

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1 porosity development in the top of the Smackover. This is a porosity play. We have also
2 learned that positioning is very critical in most of these reservoirs as far as encountering
3 the better porosity. Just below that down at the TD of the well is a red trough which is
4 the top of our Paleozoic here which is metamorphic rocks. That generates the structure.
5 This arrow pointing to the discontinuity, that's our loss of seismic reflector there. I think
6 it is probably a little erosional surface which would be the most common reason that we
7 lose that reflector. As we move north we get closer to this thing, a lot closer than we are
8 comfortable for with this investment. If you look at Exhibit No. 5, that is our line
9 through a legal location. Of course our location is not on this line, our well, but we
10 would pretty much be sitting right in the middle of this discontinuity if we move north to
11 drill that. We would be drilling in this degradational sequence here. We don't feel like
12 we need to be doing that.

13 Q. Based upon your testimony and the fact that you want to get to this largest negative
14 amplitude on the 380 orange area to the top of that and the discontinuity, is it your
15 opinion that this location is the optimum geologic location for this well?

16 A. Yes sir.

17 Q. Turn to your Exhibit 6 and tell us what that shows.

18 A. Exhibit 6 is a surveyor's plat of the location showing the boundary of the section, the unit
19 line and the distance from the line.

20 Q. So that exhibit shows that we are going to be 433.78 feet from the South line at the
21 proposed unit. Is that correct?

22 A. Yes sir.

23 Q. If our petition is granted and you are able to drill this well at what you have determined to
24 be the optimum geological location, would that prevent waste, in your opinion?

25 A. Yes sir.

26 Q. And protect correlative rights?

27 A. Yes sir.

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1 MR. TYRA: I would ask that the exhibits to Mr. Stuart's testimony be admitted at this
2 time.

3 MR. ROGERS: The exhibits are admitted.

4 (Whereupon, the exhibits were received in evidence)

5 MR. TYRA: I handed up to you earlier today a letter from the Department of
6 Conservation and Natural Resources dated April 8, 2009, to Jim Thompson of Thompson
7 Acquisitions, LLC. Jim Thompson of Thompson Acquisitions is the landman who is doing the
8 work for us in this area indicating that the Department of Conservation and Natural Resources
9 and the Department of Corrections have no objection to our well location. I would ask that that
10 letter and the plat attached to it be made a part of the record.

11 MR. ROGERS: The letter from Commissioner Lawley dated April 8, 2009, is admitted
12 with the attachment.

13 (Whereupon, the letter with attachment was
14 received in evidence)

15 MR. TYRA: I would tender the witness for any questions that you may have.

16 MR. ROGERS: Are there any questions from the staff? Mr. Masingill.

17 TONY STUART

18 EXAMINATION BY BOARD/STAFF

19 Questions by Mr. Masingill:

20 Q. Mr. Stuart, in the 160 that would be immediately south of the well, the direction of your
21 exceptional location, why would you not do a split unit taking the South Half of the
22 Southeast Quarter of Section 4 and the North Half of the Northwest Quarter of Section 9
23 and do a regular location? What is your reasoning behind that?

24 A. If we are successful in this first well and we feel like this is our best prospect here, if this
25 is successful it will be offset. If you look at the amplitude map just south of the white
26 area in Section 9 it is another something of a bright spot. That would probably be the
27 next thing we do is step down--we have found some compartmentalization in the top of

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1 the Smackover porosity. We feel like that may be another compartment there that would
2 need its own well. We would like to offset that to the south if this well is successful.

3 Q. So your offset to the south would be drilled where? I'm just trying to be sure I
4 understand.

5 A. Well, if you look at the bright spot on the amplitude map, if you look at the bright spot
6 contained in the Fountain Farm 4-16 and you move basically southeast there is another
7 somewhat weaker bright spot in Section 9 in the northeast portion.

8 MR. TYRA: Directly below the white.

9 A. Directly below the white.

10 Q. Okay.

11 A. Actually I don't know how this is going to work but if you move a little further south
12 along the end of the amplitude there is another little one down there. We will learn about
13 this as we go but we would like to have Section 9 available for an offset well.

14 Q. If you split the unit then you would not be able to place another location to the south. Is
15 that correct?

16 A. That's correct.

17 MR. MASINGILL: Thank you.

18 Questions by Mr. McQuillan:

19 Q. Mr. Stuart, I apologize if you mentioned this and I just didn't hear it but for clarification
20 on this structure map, this is a time map, right?

21 A. Yes sir.

22 Q. On Exhibit 3a you mentioned that this was an amplitude map. Is that correct?

23 A. It's a time map with an amplitude overlay.

24 Q. Can you explain on the amplitude scale here the negative and the positive?

25 A. This is all done with computers but the negatives and the positives are the strength
26 basically of the seismic reflection. What you try to do and this is based on our
27 experience, the strong negative reflectors which we will call a trough, peaks go to the
28 right and troughs go to the left, and the strong negative reflectors in this horizon are more

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1 or less indicative of porosity especially when you have a certain signature which would
2 be a trough-peak-trough signature. It's the seismic reflexives of the rock which is
3 actually impinged by the porosity development that gives us this particular signature. It
4 kind of slows things down whereas tight rock, it goes through it a little faster, the sonic
5 effect is much faster. Basically it is just the ability of the rock to conduct the wave.

6 Q. In the negative you are saying the trough would show more porosity?

7 A. Correct. The trough would generally show more porosity there because it would slow it
8 down. If you look at Line 1127, which would be Exhibit No. 4, right through our
9 wellbore you see a little trough underneath the Buckner which is the big black marker.
10 You see a little red trough and then you see a peak and then you see another trough. It
11 looks kind of like interfingering of a formation but it is most likely not. If you go down
12 and parallel your basement rock with the top of the Smackover you have to cut across
13 that black marker with your top, that black peak. It often, not always, but it often
14 suggests the development of porosity in the Upper Smackover. That's something that we
15 have learned. That's part of the secret of this whole thing. That's something that we
16 have learned from experience particularly in Mississippi. We feel like we can rely on
17 that as much as you can rely on seismic. We are particularly not sure what this
18 discontinuity is but it is kind of scary. That could actually be a little basement knob
19 sticking up through there. There is something different about it. It's just bothersome.

20 Q. Again, just for clarification for the record, the scales on Exhibits 4 and 5 on the right are
21 the positive and negative amplitude scales, right?

22 A. Yes sir that's correct.

23 MR. ROGERS: Anything else, Mr. Tyra?

24 MR. TYRA: No sir that's all. We would submit this for your consideration.

25 MR. ROGERS: We will review the evidence and make a recommendation to the Board.
26 Considering that we have ruled that some of these exhibits are proprietary and confidential, we
27 will just keep the official copy and return the extra ones.

28 MR. TYRA: Thank you Mr. Rogers.

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1 MR. ROGERS: The next item is Item 12, Docket No. 5-5-09-09A, petition by El Paso
2 E&P Company, L.P.

3 MS. ARNOLD: Foster Arnold on behalf of El Paso. This is a petition by El Paso E&P
4 Company, L.P. requesting force pooling, without risk compensation, of all tracts and interest in a
5 40-acre drilling unit for the proposed Farmer 2-13-335 Well having a unit consisting of the
6 Southwest Quarter of the Southwest Quarter of Section 2, Township 19 South, Range 10 West,
7 Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field. I have prefiled my
8 affidavit of notice which I would like to have admitted to the record showing that the sole
9 nonconsenting owner was given notice of the force pooling by certified mail.

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

11 (Whereupon, the affidavit was received in evidence)

12 MS. ARNOLD: I have just handed up the return receipt from that nonconsenting owner
13 which I would also like to have admitted into the record.

14 MR. ROGERS: That will be admitted as an exhibit.

15 (Whereupon, the green return receipt card was
16 received in evidence)

17 MS. ARNOLD: More importantly, I would like to have the letter of non-objection signed
18 by the City of Tuscaloosa, that sole nonconsenting owner, as to the force pooling admitted into
19 the record. I sent the original over by hand-delivery about a week ago.

20 MR. ROGERS: We have that letter from our Mayor, Walter Maddox, to Ms. Arnold in
21 which the Mayor says that the City of Tuscaloosa has no objection to this petition.

22 (Whereupon, the letter was received in evidence)

23 MS. ARNOLD: At this point I would like to introduce Ryan Leach, a landman for El
24 Paso. I have prefiled a statement of his qualifications which I would also like to have admitted
25 to the record please.

26 MR. ROGERS: That will be admitted.

27 (Whereupon, the statement was received in evidence)

28 MS. ARNOLD: I'm going to ask Mr. Leach to stand and be sworn in.

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

2 MR. LEACH: Ryan C. Leach, 21 Hillcrest, Tuscaloosa, Alabama.

3 (Witness was sworn by Mr. Rogers)

4 MS. ARNOLD: Ryan, please give the Hearing Officer a general description of your
5 experience in land matters.

6 MR. LEACH: I have been working as a petroleum landman approximately ten years,
7 nine of those years in the Black Warrior Basin involved in everything from abstracting, leasing,
8 right-of-way acquisitions, curative and basically all facets of land work. I have worked for
9 various operators in the area including El Paso, Dominion, Energen, Vantage Energy, Phillips
10 Petroleum and River Gas.

11 MS. ARNOLD: I would ask that Mr. Leach be recognized as an expert qualified to
12 testify in petroleum land matters.

13 MR. ROGERS: Mr. Leach is recognized. I am familiar with Mr. Leach particularly
14 since he is the President of the Black Warrior Association of Petroleum Landmen. Glad to have
15 you, Mr. Leach.

16 RYAN LEACH

17 Appearing as a witness on behalf of Petitioner, El Paso E&P Company, L.P., testified as
18 follows:

19 DIRECT EXAMINATION

20 Questions from Ms. Arnold:

21 Q. Ryan, you have on behalf of El Paso sought to obtain from all interested parties in this
22 unit leases or work with the parties to have them participate or farm out their interest in
23 the unit, correct?

24 A. Yes I have.

25 Q. For the record have all of those parties agreed to lease, participate or farm out?

26 A. No.

27 Q. Just to reiterate, who is the sole nonconsenting owner?

28 A. The City of Tuscaloosa.

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1 Q. How much acreage does the City of Tuscaloosa own within this unit?

2 A. Approximately 4.5 acres.

3 Q. That translates to what percentage in the unit?

4 A. 11.25 percent.

5 Q. This matter was heard by the City of Tuscaloosa Properties Committee and then the
6 Tuscaloosa City Counsel, correct?

7 A. Yes.

8 Q. Those meetings resulted in the letter of non-objection that Mr. Rogers has referenced,
9 correct?

10 A. Yes.

11 Q. Is it your opinion that the granting of this petition is necessary to prevent waste and
12 protect the coequal and correlative rights of all owners in the proposed unit?

13 A. Yes.

14 MS. ARNOLD: At this point I tender the witness for questions from the staff and the
15 Hearing Officer.

16 MR. ROGERS: I don't have any questions. Any questions from the staff? What is the
17 name of the proposed well to be drilled?

18 MS. ARNOLD: It is the Farmer 2-13-335 Well.

19 MR. ROGERS: And it is on a 40-acre unit?

20 MS. ARNOLD: Yes sir.

21 MR. ROGERS: Mr. Leach's notice of testimony was admitted that had the resume, the
22 affidavit of notice, the letter from the Mayor and the green card. By the way, Mr. Leach, we
23 don't have many people that testify that have earned a Purple Heart. That's quite an honor for us
24 to have you here.

25 MR. LEACH: Thank you.

26 DR. TEW: Mr. Rogers, I might note that the letter from Mayor Maddox also had
27 attached a Resolution from the City Counsel of non-objection to this matter.

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1 MR. ROGERS: That's the Resolution attached to the letter from the Mayor. Anything
2 else, Ms. Arnold?

3 MS. ARNOLD: That concludes this matter on behalf of El Paso.

4 MR. ROGERS: All right. We will review the evidence and make a recommendation to
5 the Board. Thank you. Anything else for the hearing? The hearing is adjourned.

6 (Whereupon, the hearing was adjourned at 10:47 a.m.)

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REPORTER'S CERTIFICATE

STATE OF ALABAMA

COUNTY OF TUSCALOOSA

I, Rickey Estes, Hearing Reporter in and for the State of Alabama, do hereby certify that on Tuesday, May 5, 2009, in the Board Room of the State Oil and Gas Board Building, University of Alabama Campus, Tuscaloosa, Alabama, I reported the proceedings before a Hearing Officer in Regular Session; that the foregoing 27 typewritten pages contain a true and accurate verbatim transcription of said proceedings to the best of my ability, skill, knowledge, and belief.

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


Rickey Estes
Hearing Reporter