

BEFORE THE STATE OIL AND GAS BOARD OF ALABAMA

PURSUANT TO A DECISION RENDERED DURING A MEETING OF
THE STATE OIL AND GAS BOARD OF ALABAMA ON SEPTEMBER 12, 2013
THE FOLLOWING ORDER IS HEREBY PROMULGATED:

RE: ORDER NO. 2013-76

DOCKET NO. 9-10-13-05

THIS MATTER came on for hearing before the State Oil and Gas Board of Alabama (hereinafter referred to as the "Board") on the Petition of Venture Oil & Gas Inc., (hereinafter referred to as "Venture") a foreign corporation authorized to do and doing business in the State of Alabama, requesting the Board enter an order reforming the 40-acre drilling unit for the Marion Johnson 14-3 No. 1 Well, Permit No. 16816-B, to a 160-acre production unit for the said Well consisting of the North Half of the Northwest Quarter of Section 14 and the South Half of the Southwest Quarter of Section 11, Township 4 North, Range 6 East, Monroe County, Alabama.

The Board after receiving and considering the testimony of the witness and other evidence, and hearing argument of counsel, finds that due and proper notice of the hearing of this cause has been given in the manner and form and for the time required by law and the rules and regulations of this Board, that proofs of publication of notices are on file with this Board and that this Board has full jurisdiction of this cause. Being fully advised in the premises, the Board finds the following:

I.

That Venture is the operator of the Marion Johnson 14-3 No. 1 Well, Permit No. 16816-B, drilled on a 40-acre wildcat unit consisting of the Northeast Quarter of the Northwest Quarter of Section 14, Township 4 North, Range 6 East, Monroe County, Alabama, and completed in the Smackover Gas Pool. In Board Order 2013-24, dated March 21, 2013, the Board approved an exceptional bottom hole location no closer than 165 feet from the west line of the 40-acre unit for the said Well. Venture spudded the Well on June 1, 2013, and completed the well as a productive gas condensate well in the Smackover formation.

II.

That Venture requests this Board to reform the 40-acre wildcat drilling unit for the Marion Johnson 14-3 No. 1 Well and approve and establish a 160-acre production unit to consist of the North Half of the Northwest Quarter of Section 14 and the South Half of the Southwest Quarter of Section 11, Township 4 North, Range 6 East, Monroe County, Alabama.

III.

That an expert witness for Venture testified and presented evidence that the proposed 160-acre exceptional nongovernmental production unit encompasses the entire Smackover Gas Pool encountered by the well, that the proposed 160-acre production unit is the maximum area that can be efficiently and economically drained by Marion Johnson 14-3 No. 1 Well and that the well can efficiently and economically drain the recoverable hydrocarbons from the pool.

IV.

That the expert witness testified and presented evidence that the proposed 160-acre production unit for the Marion Johnson 14-3 No. 1 Well is necessary in order to provide for the properly and orderly development of said Smackover gas pool and to prevent the drilling of unnecessary wells.

V.

That the expert witness testified and presented evidence that the proposed 160-acre production unit for the Marion Johnson 14-3 No. 1 Well is necessary in order to protect the correlative rights of all owners in the said pool and to prevent waste

VI.

That the Petition of Venture is filed as a companion to a Petition under Docket No. 9-10-13-04A requesting that a new gas field be established in Monroe County, Alabama, to be known as the Northwest Goodway Field.

FINDINGS OF FACT

VII.

That the proposed 160-acre exceptional nongovernmental production unit for the well should be established to consist of the North Half of the Northwest Quarter of Section 14 and the South Half of the Southwest Quarter of Section 11, Township 4 North, Range 6 East, Monroe County, Alabama.

VIII.

That the proposed 160-acre exceptional nongovernmental production unit encompasses the entire Smackover Gas Pool encountered by the well, that the proposed 160-acre production unit is the maximum area that can be efficiently and economically drained by Marion Johnson

14-3 No. 1 Well and that the well can efficiently and economically drain the recoverable hydrocarbons from the pool.

IX.

The proposed 160-acre production unit for the Marion Johnson 14-3 No. 1 Well is necessary in order to provide for the properly and orderly development of said Smackover gas pool and to prevent the drilling of unnecessary wells. Further, the proposed 160-acre production unit complies with the Special Field Rules adopted by the Board for the Northwest Goodway Field.

CONCLUSIONS OF LAW

X.

That the Board has jurisdiction of this matter and that due and proper notice of the hearing in this matter has been given as required by law.

XI.

That the granting of the Petition in this matter will comply with the provisions of Section 9-17-12 (2)(b) of the Code of Alabama 1975, and other provisions of the Alabama oil and gas conservation laws, will prevent waste, will protect correlative rights of the mineral interest owners.

Based upon the Findings of Facts and Conclusions of Law set forth hereinabove, it is, therefore, ORDERED, ADJUDGED, AND DECREED, by the State Oil and Gas Board of Alabama that the Petition be, and the same hereby is, GRANTED.

It is further ORDERED, ADJUDGED, AND DECREED that a 160-acre exceptional nongovernmental production unit for the Marion Johnson 14-3 No. 1 Well, Permit No. 16816-B, be, and the same hereby is, established consisting of the North Half of the Northwest Quarter of Section 14 and the South Half of the Southwest Quarter of Section 11, Township 4 North, Range 6 East, Monroe County, Alabama.

Ordered this 12th day of September, 2013.

STATE OIL AND GAS BOARD OF ALABAMA

By: James H. Griggs
James H. Griggs, Chairman

By: Charles E. Pearson
Charles E. Pearson, Member

By: M. Barnett Lawley
M. Barnett Lawley, Member

ATTEST:

Berry H. (Nick) Tew, Jr.
Berry H. (Nick) Tew, Jr., Secretary

