

BEFORE THE STATE OIL AND GAS BOARD OF ALABAMA

**PURSUANT TO A DECISION RENDERED DURING A REGULAR
SESSION OF THE STATE OIL AND GAS BOARD OF ALABAMA ON
OCTOBER 27, 2022, THE FOLLOWING ORDER IS HEREBY PROMULGATED:**

IN RE: ORDER NO. 2022-65

DOCKET NO. 9-13-22-18

THIS CAUSE came on for hearing before the State Oil and Gas Board of Alabama (hereinafter referred to as “Board”) on the petition of ESCAMBIA OPERATING CO. LLC (hereinafter referred to as “Escambia”), a foreign limited liability company, authorized to do and doing business in the State of Alabama, requesting the Board to enter an order (1) approving temporarily abandoned status for the Scott Paper Co. Gas Unit 3-1 Well, Permit No. 3714, the Cedar Creek and & Timber Co. 14-7 #1 Well, Permit No. 16962, and the Flomaton SWD System #1, Well #1, Permit No. 406-SWD-72-27; and (2) extending the temporarily abandoned status for the Scott Paper Co. Gas Unit 1 #1 Well, Permit No. 2816, all located in Escambia County, Alabama, in the Flomaton Field. Originally Escambia requested shut-in status for the Scott paper Co. Gas Unit 3-1 Well and the Cedar Creek Land & Timber Co. 14-7 #1 Well. However, at the hearing of the petition, Escambia amended the Petition to request temporarily abandoned status for the subject wells.

The Board, after receiving and considering the evidence, finds that notice of the hearing of said cause has been given in the manner and form and for the time required by law and the rules and regulations of this Board and that proofs of publication of notice and evidence of the service of required personal notice are on file with the Board and that the Board has full jurisdiction of this case; and the Board being fully informed and being fully advised in the premises further finds as follows:

I.

That Escambia is the operator of the following wells located in Escambia County, Alabama, in the Flomaton Field:

<u>Well Name</u>	<u>Permit No.</u>	<u>Location</u>
Scott Paper Co. Gas Unit 3-1	3714	S3-T1N-R7E
Cedar Creek Land & Timber Co. 14-7 #1	16962	S14-T1N-R8E
Flomaton SWD System # 1, Well #1	406-SWD-72-27	S11-T1N-R8E
Scott Paper Co. Gas Unit 1 #1	2816	S1-T1N-R7E.

The Board approved Blue Diamond Energy, Inc. as owner of Escambia on May 5, 2022, in Order

II.

That the Scott Paper Co. Gas Unit 3-1 Well, Permit No. 3714, was permitted by Exxon Corporation on February 22, 1983, on a 640-acre drilling unit consisting of Section 3, Township 1 North, Range 7 East, Escambia County, Alabama, in the Flomaton Field, and drilling commenced on July 19, 1983. The well began producing in January 1984, and the last production was in April, 2008, at which time the well was shut-in due to its inability to sustain production under the operating conditions at that time.

III.

That the Cedar Creek Land & Timber Co. 14-7 #1 Well, Permit No. 16962, was drilled and completed on a 640-acre drilling unit consisting of Section 14, Township 1 North, Range 8 East, Escambia County, Alabama, in the Flomaton Field. The well began producing in May 2014, and the last production was in September 2016, at which time the well was shut-in due to its inability to sustain economic production rates.

IV.

That the Flomaton SWD System #1 Well #1, Permit No. 406-SWD-72-27 was drilled and completed as a producing oil well in the Moye Zone by Stanolind Oil and Gas Company as the St. Regis Paper Co. "A" Well 7, Permit No. 406, on a 40-acre drilling unit consisting of the Southwest Quarter of the Southwest Quarter of the Northeast Quarter of Section 11, Township 1 North, Range 8 East, Escambia County, Alabama, in the Pollard Field.

V.

That the St. Regis Paper Co. "A" Well 7 ceased producing and upon Petition of Humble Oil & Refining Company, successor operator of said well, the Board in Order No. 72-27 issued on May 24, 1972, designated said well as the Flomaton Salt Water Disposal System No. 1 Well, Well No. 1 and authorized successor operator, Humble Oil & Refining Company, to connect said well to its Flomaton Salt Water Disposal System and to operate said well in connection with said disposal system.

VI.

That since becoming operator of the Flomaton SWD System # 1, Well #1 on July 24, 2007, Escambia has used said well to dispose of produced water from Flomaton Field wells. However, said well ceased operations on September 8, 2021.

VII.

That the Scott Paper Co. Gas Unit 1 #1 Well, Permit No. 2816, was permitted by Exxon Corporation on September 21, 1979, on a 645-acre production unit consisting of irregular Section 1, Township 1 North, Range 7 East, Escambia County, Alabama, in the Flomaton Field, and drilling commenced on December 17, 1979. The well began producing in June 1980, and the last production was in October 2014, at which time the well was unable to sustain economic production rates.

VIII.

That Escambia presented evidence that the Scott Paper Co. Gas Unit 3-1 Well and the Cedar Creek and & Timber Co. 14-7 #1 Well were previously classified as shut-in and the Board, by Order No. 2021-39 issued on September 16, 2021, extended the shut-in status for the Scott Paper Co. Gas Unit 3-1 Well and the Cedar Creek and & Timber Co. 14-7 #1 Well, and extended the temporarily abandoned status for the Scott Paper Co. Gas Unit 1 #1 Well, in accordance with Rules 400-1-4.17(1) and 400-1-4.17(2) of the *State Oil and Gas Board of Alabama Administrative Code*.

IX.

That the Board approved Blue Diamond Energy, Inc. as owner of Escambia on May 5, 2022 in Order No. 2022-23.

X.

That Escambia presented evidence that in order to restore production from the Scott Paper Co. Gas Unit 3-1 Well, it will be necessary to pull the existing completion, drill out the packer, clean out to total depth, re-perforate and stimulate the well and re-complete in the Norphlet. Escambia now requests temporarily abandoned status for said well in accordance with Rule 400-1-4.17(1) as said well has future utility and should not be plugged.

XI.

That Escambia presented evidence that in order to restore production from the Cedar Creek Land & Timber Co. 14-7 #1 Well EOC will clean out to total depth, re-perforate and stimulate the well. Escambia now requests approval of temporarily abandoned status for said well in accordance with Rule 400-1-4-.17(1) as said well has future utility and should not be plugged.

XII.

That the Board's staff presented evidence that one of the wells, which is the subject of the Petition, the Flomaton SWD System #1 Well, failed a Mechanical Integrity Test on September 8, 2021. Escambia presented evidence that in order to utilize the Flomaton SWD System #1, Well #1 as a saltwater disposal well, repairs must be made and a mechanical integrity test performed before use.

XIII.

That Escambia presented evidence that in order to restore production from the Scott Paper Co. Gas Unit 1 #1 Well, it will be necessary to pull tubing, mill out packer, plug off the Norphlet perforate the Smackover, run tubing and packer, and acidize. Escambia requests an extension of temporarily abandoned status for said well in accordance with Rule 400-1-4-.17(1) as said well has future utility and should not be plugged.

XIV.

That Escambia presented evidence that it operates numerous wells in the Flomaton Field and is evaluating gathering and compression opportunities in the Field to improve production from existing producing wells.

FINDINGS OF FACT

XV.

That the evidence indicates that the Scott Paper Co. Gas Unit 3-1 Well has future utility, and the temporarily abandoned status for said well is due to be approved.

XVI.

That the evidence indicates that the Cedar Creek Land & Timber Co. 14-7 #1 Well has

future utility, and temporarily abandoned status for said well is due to be approved.

XVII.

That the evidence indicates that Flomaton SWD System #1, Well failed a Mechanical Integrity Test performed on September 8, 2021. The evidence indicates that the well cannot be utilized in its present unsafe condition. The mechanical integrity of a well or wellbore is crucial in order to ensure that there is no migration or escape in some manner that will endanger the public or endanger fresh water aquifers and resources. Nevertheless, with the repair of the well, the well will have future utility, and the temporarily abandoned status is due to be approved.

XVIII.

That the evidence indicates that the Scott Paper Co. Gas Unit 1 #1 Well has future utility and the temporarily abandoned status for said well is due to be extended.

CONCLUSIONS OF LAW

XIX.

That granting the petition with the stipulation below will prevent waste and will protect correlative rights.

Based on the Findings of Fact and Conclusions of Law set forth hereinabove, **IT IS THEREFORE, HEREBY ORDERED, ADJUDGED AND DECREED** by the State Oil and Gas Board of Alabama that the Petition be **GRANTED** with the Stipulation set forth below. Said Petition is granted:

(1) approving temporarily abandoned status for the Scott Paper Co. Gas Unit 3-1 Well, Permit No. 3714, and the Cedar Creek and & Timber Co. 14-7 #1 Well, Permit No. 16962, for one year in accordance with Rule 400-1-4-.17(1) of the *State Oil and Gas Board of Alabama Administrative Code*;


(2) extending the temporarily abandoned status for the Scott Paper Co. Gas Unit 1 #1 Well, Permit No. 2816, for one year in accordance with Rule 400-1-4-.17(1) of the *State Oil and Gas Board of Alabama Administrative Code*; and


(3) With respect to the Flomaton SWD System #1, Permit 406-SWD-72-27, the temporarily abandoned status is granted for six months with the stipulation that the operator shall

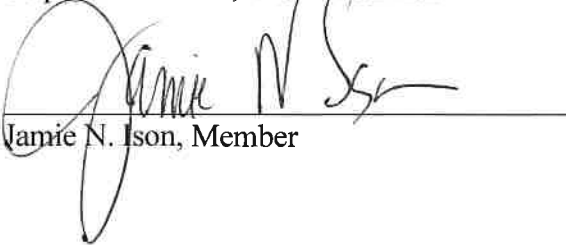
repair or plug and abandon the well during the six-month period.

ORDERED this 27th day of October, 2022.

STATE OIL AND GAS BOARD OF ALABAMA

BY: 
Charles E. (Ward) Pearson, Chairman

BY: 
Stephen P. French, Vice-Chairman

BY: 
Jamie N. Ison, Member

ATTEST:


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