



Agenda

STATE OIL AND GAS BOARD OF ALABAMA

November 1 and 3, 2016

The State Oil and Gas Board of Alabama will hold its regular hearing at 10:00 a.m. on Tuesday, November 1 and Thursday, November 3, 2016 in the Board Room of State Oil and Gas Board, Walter B. Jones Hall, University of Alabama Campus, 420 Hackberry Lane, Tuscaloosa, Alabama, to consider among other items the following petitions:

1. Docket No. 09-13-16-06

Continued petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order declaring that if wells located in Tuscaloosa County, Alabama, in the Brookwood Coal Degasification Field, previously classified as temporarily abandoned are put back on production and continue to produce, those wells, along with wells that have been plugged and abandoned, can be removed from the list of temporarily abandoned wells listed in Board Order No. 2016-04 and that, together, said wells, plugged and put back on production, will be credited toward the minimum of fifteen percent (15%) of the total wells shown on Exhibits "A" and "B" to said Order No. 2016-04.

Further, Petitioner requests such relief that the Board deems appropriate related to the Brookwood Coal Degasification Field. Although the Field includes parts of Tuscaloosa and Jefferson Counties, none of the wells affected by this petition is in Jefferson County.

This petition is filed pursuant to Section 9-17-1, et seq. of the Code of Alabama (1975), as amended.

2. Docket No. 09-13-16-07

Continued petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order declaring that if wells in the Oak Grove Coal Degasification Field previously classified as temporarily abandoned are put back on production and continue to produce, those wells, along with wells that have been plugged and abandoned, can be removed from the list of temporarily abandoned wells listed in Board Order No. 2016-05 and that, together, said wells, plugged and put back on production, will be credited toward the minimum of fifteen percent (15%) of the total wells shown on Exhibits "A" and "B" to said Order No. 2016-05.

Further, Petitioner requests such relief that the Board deems appropriate related to the Oak Grove Coal Degasification Field, which Field is located in Tuscaloosa and Jefferson Counties, Alabama.

This petition is filed pursuant to Section 9-17-1, et seq. of the Code of Alabama (1975), as amended.

3. Docket No. 11-01-16-01

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board of Alabama (“the Board”) to enter an order pursuant to Sections 9-17-1 through 9-17-32 and 9-17-80 through 9-17-88 of the Code of Alabama (1975), approving the plans for a partial field-wide oil Unit for the Chicken Swamp Branch Oil Field to be known as the “Chicken Swamp Branch Oil Unit,” consisting of the hereinafter described “Unit Area” in Pickens County, Alabama, and requiring the operation of said Unit Area as a single partial field-wide Unit for pressure maintenance, enhanced recovery, development and production of oil, gas, gaseous substances, condensate, distillate and all associated and constituent liquid or liquefiable substances within or produced from the Unitized Formation in order to prevent waste, to maximize recovery of the unitized substances, to avoid the drilling unnecessary wells and to protect correlative rights of interested parties.

The “Unitized Formation” within the Unit Area for the proposed Chicken Swamp Branch Oil Unit is designated as the Pottsville Formation which includes the Pottsville A Sand Oil Pool defined as the productive interval found between the depths of 4,606 feet measured depth (MD) and 4,646 feet measured depth (MD) in the Windham 35-7 No. 2 Well, Permit No. 16269, with a surface location 1,670 feet from the North line and 1,900 feet from the East line of Section 35, Township 18 South, Range 15 West, Pickens County, Alabama, as defined by the Array Induction log for said well, including those strata which can be correlated therewith and which are in communication therewith and all productive extensions thereof, or such other enlarged interval as may be ordered by the Board.

The proposed “Unit Area” is designated as the following described areas: South Half of the Southeast Quarter and the Southeast Quarter of the Southwest Quarter of Section 21; South Half of the Southwest Quarter and the Northwest Quarter of the Southwest Quarter of Section 26; South Half of the Northeast Quarter and the Southeast Quarter and West Half of Section 27; East Half and the East Half of Northwest Quarter of Section 28; North Half; Southeast Quarter; East Half of the Southwest Quarter; Northwest Quarter of Southwest Quarter of Section 34; West Half; Southeast Quarter; West Half of the Northeast Quarter; and the Southeast Quarter of the Northeast Quarter of Section 35; Southwest Quarter of the Southwest Quarter of Section 36; all in Township 18 South, Range 15 West; Northwest Quarter and the Northwest Quarter of the Southwest Quarter of Section 1; North Half and the North Half of the South Half of Section 2; and North Half of the Northeast Quarter and the Southeast Quarter of the Northeast Quarter of Section 3, all in Township 19 South, Range 15 West, all in Pickens County, Alabama, in the Chicken Swamp Branch Oil Field, containing approximately 3,240 acres, more or less.

Said petition further seeks entry of an order by the Board unitizing, pooling and integrating the Unit Area, as underlain by the above described Unitized Formation, into a partial field-wide Unit so as to require, when approved, all owners or claimants of royalty, mineral, leasehold and all other interests within said partial field-wide Unit to unitize, pool and integrate their interests and develop their lands or interests within the Unit Area as a Unit.

Said petition further seeks to have Land and Natural Resource Development, Inc. designated as operator of the Unit Area in accordance with the laws of the State of Alabama and seeks an order from the Board approving the form of the Unit Agreement and Unit Operating Agreement.

Said petition also seeks approval of the amendments to the Special Field Rules for the Chicken Swamp Branch Oil Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

This petition is filed as a companion to a petition bearing Docket No. 11-1-16-02 requesting to amend Rule 1 of the Special Field Rules for the Chicken Swamp Branch Oil Field to add certain parcels which are not presently in said Field but which are included within the proposed Chicken Swamp Branch Oil Unit.

4. Docket No. 11-01-16-02

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board of Alabama (“the Board”) to enter an order amending Rule 1 of the Special Field Rules for the Chicken Swamp Branch Oil Field to add the following described parcels to the field limits of said field:

South Half of the Southeast Quarter & Southeast Quarter of the Southwest Quarter of Section 21; East Half of Northwest Quarter of Section 28; Southeast Quarter of Southwest Quarter & Southwest Quarter of Southeast Quarter of Section 34, all in Township 18 South, Range 15 West, and Northwest Quarter of the Southwest Quarter of Section 1 and the Northwest Quarter of Northeast Quarter & Southeast Quarter of Northeast Quarter of Section 3, all in Township 19 South, Range 15 West, Pickens County, Alabama.

This petition is filed as a companion to a petition bearing Docket No. 11-1-16-01 requesting approval of the plans to establish the Chicken Swamp Branch Oil Unit in the Chicken Swamp Branch Oil Field, and the above-described parcels are requested to be included within the proposed Chicken Swamp Branch Oil Unit.

5. Docket No. 11-01-16-03

Petition by JABSCO OIL OPERATING, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order approving a non-governmental 320-acre production unit for re-completion of the McShan 32-3 #1 Well, Permit No. 11849, in the Pottsville A Sand Gas Pool in the Buncomb Creek Field, consisting of the North Half of the Southwest Quarter and the Northwest Quarter of Section 32, and the South Half of the Southwest Quarter of Section 29, all in Township 18 South, Range 15 West, Pickens County, Alabama, in accordance with Rule 3(a) of the Special Field Rules for said Field.

6. Docket No. 11-01-16-04

Petition by PRIDE ENERGY COMPANY, an Oklahoma general partnership, requesting the State Oil and Gas Board of Alabama to enter an Order approving a temporarily abandoned status for the following wells, to-wit:

Lamar County, Alabama

Beaverton Field

Ogden #5-1 Well, Permit No. 2651

Allen Benton 30-15 No.1 Well, Permit No. 3392.

Petitioner is requesting the Board to approve a temporarily abandoned status for the Ogden #5-1 Well, Permit No. 2651, and for the Allen Benton 30-15 No. 1 Well, Permit No. 3392, for a one-year period or to the next regularly scheduled meeting of the Board following said one-year period pursuant to Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code and Section 9-17-1, et seq. of the Code of Alabama (1975), as amended. Both of the subject wells are in the Beaverton Field, Lamar County, Alabama.

7. Docket No. 11-01-16-05

Petition by SKLAR EXPLORATION COMPANY L.L.C., a Louisiana limited liability company, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama (“the Board”) to enter an order pursuant to Sections 9-17-1 through 9-17-32 and 9-17-80 through 9-17-88, Code of Alabama (1975), approving the plans for a partial field-wide oil Unit for the Little Cedar Creek Field to be known as the “Little Cedar Creek Oil Unit IV,” consisting of the hereinafter described “Unit Area” in Conecuh County, Alabama, and requiring the operation of said Unit Area as a single partial field-wide Unit for pressure maintenance, enhanced recovery, development and production of oil, gas, gaseous substances, condensate, distillate and all associated and constituent liquid or liquefiable substances within or produced from the Unitized Formation in order to prevent waste, to maximize recovery of the unitized substances, to avoid the drilling unnecessary wells and to protect correlative rights of interested parties.

The “Unitized Formation” within the Unit Area for the proposed Little Cedar Creek Oil Unit IV is defined as the subsurface portion of the Unit Area (which is within the Smackover Formation) in the interval between the depths of 10,778 feet measured depth (MD) and 10,877 feet measured depth (MD) in the Craft-Ralls 28-16 No. 1 Well, Permit No. 16327-B, with a surface location 333 feet FSL and 834 feet FEL of Section 28, Township 5 North, Range 13 East, Conecuh County, Alabama, as defined by the Platform Express, Borehole Sonic Array Induction, Lithology Density Compensated Neutron, Gamma Ray, SP log for said well and including those strata underlying the Unit Area which can be correlated therewith, which are in communication therewith, or which are productive extensions thereof, which said Unitized Formation is part of the Smackover Oil Pool of the Little Cedar Creek Field.

The proposed “Unit Area” is designated as the following described areas:

Township 5 North, Range 13 East

Section 27: Northeast Quarter, Northwest Quarter, Southwest Quarter, North 660 feet of Northwest Quarter of Southeast Quarter, and all that part of the following tract lying within the Northwest Quarter of the Southeast Quarter of Section 27: Point of commencement is a concrete marker set by judicial litigation as the Southwest corner of the Northeast Quarter of the Southwest Quarter of Section Twenty-seven (27). From Point of Commencement run North 1 degree 01 minutes 36 seconds East for 428.45 feet to a judicial concrete marker. Then South 89 degrees 31 minutes 33 seconds East along fence for 1373.44 feet to an iron on the East right-of-way of Conecuh County Highway 43, the Point of Beginning. From Point of Beginning run along right-of-way in a curve having a central angle of 8 degrees 32 minutes 55 seconds and radius of 2000.16, for 298.43 feet to an iron. Then South 89 degrees 31 minutes 33 seconds East for 411.45 feet to an iron. Then South 28 degrees 46 minutes 21 seconds East for 90.00 feet to a spring leaf. Continue South 28 degrees 46 minutes 21 seconds East for 210.00 feet to an iron. Then North 89 degrees 31 minutes 33 seconds West for 415.27 feet to the Point of Beginning.

Section 28: Southeast Quarter, East half of East half of Southwest Quarter, and South Half of Northeast Quarter

Section 33: Northeast Quarter and East half of East half of Northwest Quarter

Section 34: Northwest Quarter of Northwest Quarter, West Half of Northeast Quarter of Northwest Quarter, and North Half of Southwest Quarter of Northwest Quarter

All in Conecuh County, Alabama, in the Little Cedar Creek Field.

Said petition further seeks entry of an order by the Board unitizing, pooling and integrating the Unit Area, as underlain by the above-described Unitized Formation, into a partial field-wide Unit so as to require all owners or claimants of royalty, mineral, leasehold and all other interests within said partial field-wide Unit to unitize, pool and integrate their interests and develop their lands or interests within the Unit Area as a Unit. Said petition further seeks to have Sklar Exploration Company L.L.C. designated as operator of the Unit Area in accordance with the laws of the State of Alabama and seeks an order from the Board approving the form of the Unit Agreement and Unit Operating Agreement.

Said petition also seeks approval of the amendments to the Special Field Rules for the Little Cedar Creek Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement. This petition is filed as a companion to a petition bearing Docket No. 11-1-16- 06 requesting to amend Rule 1 of the Special Field Rules for the Little Cedar Creek Field to add certain parcels which are not presently in said Field but which are included within the proposed Little Cedar Creek Oil Unit IV.

8. Docket No. 11-01-16-06

Petition by SKLAR EXPLORATION COMPANY L.L.C., a Louisiana limited liability company, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama (“the Board”) to enter an order amending Rule 1 of the Special Field Rules for the Little Cedar Creek Field to add the following described parcels to the field limits of said field:

Township 5 North, Range 13 East

Section 27: North 660 feet of Northwest Quarter of Southeast Quarter, and all that part of the following tract lying within the Northwest Quarter of the Southeast Quarter of Section 27: Point of commencement is a concrete marker set by judicial litigation as the Southwest corner of the Northeast Quarter of the Southwest Quarter of Section Twenty-seven (27), Township Five (5) North, Range Thirteen (13) East, St. Stephens Meridian. From Point of Commencement run North 1 degree 01 minutes 36 seconds East for 428.45 feet to a judicial concrete marker. Then South 89 degrees 31 minutes 33 seconds East along fence for 1373.44 feet to an iron on the East right-of-way of Conecuh County Highway 43, the Point of Beginning. From Point of Beginning run along right-of-way in a curve having a central angle of 8 degrees 32 minutes 55 seconds and radius of 2000.16, for 298.43 feet to an iron. Then South 89 degrees 31 minutes 33 seconds East for 411.45 feet to an iron. Then South 28 degrees 46 minutes 21 seconds East for 90.00 feet to a spring leaf. Continue South 28 degrees 46 minutes 21 seconds East for 210.00 feet to an iron. Then North 89 degrees 31 minutes 33 seconds West for 415.27 feet to the Point of Beginning.

Section 28: East half of East half of Southwest Quarter and South Half of Northeast Quarter

Section 33: East half of East half of Northwest Quarter

Section 34: Northwest Quarter of Northwest Quarter, West Half of Northeast Quarter of Northwest Quarter, and North Half of Southwest Quarter of Northwest Quarter

All in Conecuh County, Alabama.

This petition is filed as a companion to a petition bearing Docket No. 11-1-16-05 requesting approval of the plans to establish the Little Cedar Creek Oil Unit II in the Little Cedar Creek Field, and the above-described parcels are requested to be included within the proposed Little Cedar Creek Oil Unit II.

9. Docket No. 08-02-16-01

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend Rule 400-1-2-.02 of the State Oil and Gas Board of Alabama Administrative Code relating to Spacing of Wells to provide that the Supervisor may approve exceptional locations on alternate drilling units pending a hearing to determine the proper spacing in the event the well is completed as a productive oil well. The State Oil and Gas Board of Alabama was established pursuant to Alabama Oil and Gas Conservation Laws as set forth in the Section 9-17-1 et seq. of the Code of Alabama (1975).

The public is further advised that, pursuant to this hearing, the applicable provisions 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. Hearings of the State Oil and Gas Board are public hearings, and members of the public are invited to attend and present their position concerning petitions. Requests to continue or oppose a petition should be received by the Board at least two (2) days prior to the hearing. The public should be aware that a petition may be set for hearing on the first day or second day of the hearing or may be continued to another hearing at a later date. We suggest that prior to the hearing, interested parties contact the Board to determine the status of a particular petition. For additional information, you may contact Marvin Rogers, General Counsel for State Oil and Gas Board, P. O. Box 869999, Tuscaloosa, Alabama 35486-6999, Telephone Number 205/247-3680, Fax Number 205/349-2861, or by email at petitions@ogb.state.al.us.