

RESULTS
STATE OIL AND GAS BOARD OF ALABAMA
BOARD MEETING
JANUARY 31 & FEBRUARY 2, 2007

1. DOCKET NO. 1-31-06-23

Continued petition by LOCAL, 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 reforming the unit for the Richards 23-5 #1 Well, Permit No. 12294-A, from a 320-acre gas unit consisting of the North Half of Section 23, Township 16 South, Range 15 West, Lamar County, Alabama, in the East Mt. Zion Gas Field to a 40-acre oil unit consisting of the Southwest Quarter of the Northwest Quarter of said Section 23.

The Board established the East Mt. Zion Gas Field by Order 2002-34, dated April 19, 2002, and Petitioner alleges that the Richards 23-5 # 1 Well currently produces as an oil well and should not be classified as a gas well. Although Petitioner requests the Board to eliminate certain lands from the present 320-acre gas unit, Petitioner proposes to drill one or more additional oil wells as warranted in the lands proposed to be eliminated.

This petition is a companion to petition bearing Docket No. 1-31-06-24 requesting establishment of a new oil field in Lamar County, Alabama.

BOARD ACTION: Dismissed 2-2-07

ORDER NO. 2007-1

2. DOCKET NO. 1-31-06-24

Continued petition by LOCAL, 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 establishing a new oil field to be known as the East Mt. Zion Oil Field, or by such other name as the Board deems appropriate and to adopt Special Field Rules therefor. The proposed field, as underlain by the Lewis Sand Oil Pool, consists of the North Half of Section 23, Township 16 South, Range 15 West, Lamar County, Alabama.

The Lewis Sand Oil Pool should be defined as that interval of the Lewis Sand Formation productive of hydrocarbons between 4,924 feet and 4,940 feet, as indicated on the Dual Induction Log of the Richards 23-5 #1 Well, Permit No. 12294-A, located 360 feet FNL and 660 feet FWL of the proposed 40-acre unit for said well consisting of the Southwest Quarter of the Northwest Quarter of said Section 23 in Lamar County, Alabama. Petitioner is requesting well spacing of a governmental quarter-quarter section containing approximately 40 acres, and is also requesting the establishment of allowables for said field.

This petition is a companion to petition bearing Docket No. 1-31-06-23 requesting reformation of the 320-acre gas unit for the Richards 23-5 #1 Well, Permit No. 12294-A, to a 40-acre oil unit.

BOARD ACTION: Dismissed 2-2-07

ORDER NO. 2007-2

3. DOCKET NO. 7-24-06-8

Continued petition by CDX GAS, L.L.C., a Texas limited liability company, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order pursuant to Section 9-17-1 et seq., Code of Alabama (1975) and Rule 400-3-2-.01(5) of the State Oil and Gas Board of Alabama Administrative Code and as an exception to the Special Field Rules for the Gurnee Coal Degasification Field requesting approval of the permit, construction method, completion technique, and casing requirements for the drilling of a Z-PINNATE[®] coalbed methane well, the 240-acre unit for which well shall be the Northwest Quarter and the West Half of the Northeast Quarter of Section 14, Township 22 South, Range 4 West, Shelby County, Alabama in the Gurnee Coal Degasification Field in order to avoid the drilling of unnecessary wells, minimize surface disturbance, increase the efficiency of operations, and avoid waste.

BOARD ACTION: Dismissed 2-2-07

ORDER NO. 2007-3

4. DOCKET NO. 7-24-06-9

Continued petition by CDX GAS, L.L.C., a Delaware limited liability company, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order pursuant to Section 9-17-1 et seq., Code of Alabama (1975) and Rule 400-3-2-.01(5) of the State Oil and Gas Board of Alabama Administrative Code and as an exception to the Special Field Rules for the Gurnee Coal Degasification Field requesting approval of the permit, construction method, completion technique, and casing requirements for the drilling of a Z-PINNATE[®] coalbed methane well, the 320 acre unit for which well shall be the East Half of Section 2, Township 22 South, Range 4 West, Shelby County, Alabama in the Gurnee Coal Degasification Field in order to avoid the drilling of unnecessary wells, minimize surface disturbance, increase the efficiency of operations, and avoid waste.

BOARD ACTION: Dismissed 2-2-07

ORDER NO. 2007-4

5. DOCKET NO. 11-1-06-6

Continued petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order force pooling, with a risk compensation penalty, all tracts and interests in hydrocarbons produced from coalbeds in the Pottsville Formation in the Falls 28-16-826 Well to be located on an 80-acre unit consisting of the Southeast Quarter of the Southeast Quarter of Section 28, and the Northeast Quarter of the Northeast Quarter of Section 33, all in Township 18 South, Range 10 West, Tuscaloosa County, Alabama, in the Blue Creek 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.

BOARD ACTION: Continued 2-2-07

6. Docket No. 11-01-06-10

Continued petition by SAGA PETROLEUM, LLC, a Colorado limited liability company 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 a well drilled to the Pottsville Formation on a unit consisting of approximately 40 acres located in the Southeast Quarter of the Northwest Quarter of Section 34, Township 19 South, Range 9 West, Tuscaloosa County, Alabama, in the Deerlick 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.

BOARD ACTION: Continued 2-2-07

7. DOCKET NO. 11-01-06-15

Continued petition by DE SOTO OIL & GAS, INC., an Alabama corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama to enter an Order approving an exception to the spacing requirements as set out in Rule 3(b) of the Special Field Rules for the Big Escambia Creek Field, so as to allow the Petitioner to drill a Well known as the Edwards 13-1 No. 1 Well, with a proposed bottom hole location to be no closer than 660 feet from the north line and no closer than 660 feet from the east line of the unit for said Edwards 13-1 No. 1 Well, which is comprised of the entire Section 13, Township 1 North, Range 7 East, Big Escambia Creek Field, Escambia County, Alabama.

This Petition is a companion to Docket No. 11-01-06-16 in which Petition requests approval of force pooling of the interest in the Edwards 13-1 No. 1 Well.

BOARD ACTION: Continued 2-2-07

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

Continued petition by DE SOTO OIL & GAS, INC., an Alabama corporation 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, of all tracts and interests in a 640 acre drilling unit for the proposed Edwards 13-1 No. 1 Well, having a unit consisting of all of Section 13, Township 1 North, Range 7 East, Escambia County, Alabama, in the Big Escambia Creek Field with an objective depth of the Smackover Formation as defined by the Special Field Rules for the Big Escambia Creek 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.

This Petition is a companion to Docket No. 11-01-06-15 in which Petitioner requests approval of an exception location for bottom hole location of the Edwards 13-1 No. 1 Well.

BOARD ACTION: Continued 2-2-07

9. DOCKET NO. 11-1-06-18A

Continued amended 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:

PERMIT NO.

12155-OS-85-B
10121-OS-53
11009-OS-65-B

WELL NAME

S/L 537 Block 112 #4
State Lease 537 #2
State Lease 536 #3

The previous shut-in status for these wells has expired and Petitioner requests the Board to grant a one year extension beginning November 3, 2006, because said wells have future utility and should not be plugged.

BOARD ACTION: Granted 2-2-07

ORDER NO. 2007-5

10. DOCKET NO. 11-1-06-19A

Continued amended 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

The previous temporarily shut-in status for this well has expired and Petitioner requests the Board to grant a one year extension beginning November 3, 2006, because said well has future utility and should not be plugged.

BOARD ACTION: Granted 2-2-07

ORDER NO. 2007-6

11. DOCKET NO. 11-1-06-20B

Continued amended 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 granting the shut-in or temporarily abandoned status, as indicated, for the following offshore wells in Mobile and Baldwin Counties, Alabama, in the Lower Mobile Bay-Mary Ann Field, in accordance with Rules 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 REQUESTED</u>
3135-OS-6-B	State Lease 349 #2	Shut-in
10557-OS-59-B1	Alabama State Lease 350 (Tract 95)Well #5 S/T#1	Shut-in
2543-OS-3-B	State Lease 347 #1	Temporarily abandoned
3614-OS-14	State Lease 347 #2	Temporarily abandoned
3127-OS-5	State Lease 350 #1	Temporarily abandoned

Petitioner requests that these wells be granted shut-in or temporarily abandoned status for a period of one year beginning February 2, 2007, because said wells have future utility and should not be plugged.

BOARD ACTION: Granted 2-2-07

ORDER NO. 2007-7

12. DOCKET NO. 12-12-06-7A

Continued amended petition by UNION OIL COMPANY OF CALIFORNIA, 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 granting a temporary abandoned status and extending the Class II permits for certain wells in the Chunchula Field, Mobile County, Alabama. Petitioner is requesting the Board to grant a temporary abandoned status for the following wells until May 1, 2007, to allow Petitioner additional time to continue the on-going efforts to plug and abandon these wells:

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
2357	I.P.C. 2-6 #1	Sec. 2, T2S, R2W
2584-B	R.E. Davis 1-11 #1	Sec. 1, T1S, R2W
2044	J.A. Smith 15-6 #1	Sec. 15, T1S, R2W
2005-B	Mobile County Board of School Commissioners 16-10 #1	Sec. 16, T1S, R2W

In Order No. 2005-140, issued on December 16, 2005, the Board ordered that the above-reference wells be plugged and abandoned by December 14, 2006.

The following well has been reactivated for production demonstrating that the well has future utility, therefore, the well should not be should not be plugged and abandoned as required by Order No. 2005-140:

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
3206	International Paper Co. 24-4 #1	Sec. 24, T1S, R2W

Petitioner is requesting that the Board grant a temporarily abandoned status for the following wells for one year from the date of this Order, or until the next regularly scheduled meeting of the Board following said one year period:

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
2355-B	Roy J. Smith et al 6-10 #1A	Sec. 6, T1S, R1W
2499	International Paper Co. 2-10 #1	Sec. 2, T1S, R2W
2158	M.V. Kelly 11-10 #1	Sec. 11, T1S, R2W

In Order No. 2005-140, issued on December 16, 2005, the Board ordered that the above-reference wells be plugged and abandoned by December 14, 2006. Petitioner has agreed to farmout its interest to a third party for the re-entry and re-completion of the Roy J. Smith et al 6-10 #1A Well in the Sligo/Hosston Sands. Petitioner is also evaluating the economical and mechanical feasibility of re-entering the International Paper Co. 2-10 #1 and M.V. Kelly 11-10 #1 Wells for development of the Sligo/Hosston Sands.

Petitioner is requesting that the Board grant a temporarily abandoned status for the following wells for one year from the date of this Order, or until the next regularly scheduled meeting of the Board following said one year period because these wells have future utility and should not be ordered plugged:

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
2324-B	George Radcliff 30-6 #1	Sec. 15, T1S, R2W
5436	Early Neese 13-12 #1	Sec. 13, T1S, R2W
2085	International Paper Co. 14-6#1	Sec. 19, T1S, R1W
3496-GI-82-3	I.P.C. 25-4 #1	Sec.25, T1S, R2W
3193-GI-81-2	E. L. Maples 24-16 #1	Sec. 24, T1S, R2W
10500	Arthur Outlaw 35-13 #1	Sec. 35, T1S, R2W

Further, Petitioner is requesting that the Class II permits for the following wells be extended for one year from the date of this Order, or until the next regularly scheduled meeting of the Board following said one year period:

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
2295-GI-00-1	George Radcliff, et al. 19-11 #2	Sec. 19, T1S, R1W
3496-GI-82-3	I.P.C. 25-4 #1	Sec.25, T1S, R2W
3193-GI-81-2	E. L. Maples 24-16 #1	Sec. 24, T1S, R2W.

BOARD ACTION: Continued 2-2-07 with the stipulation that Order No. 2005-140 be stayed insofar as said Order required that certain wells be plugged and abandoned, and further, that the temporarily abandoned status and Class II injection well permits for certain wells be extended until the next regularly scheduled meeting of the Board..

13. DOCKET NO.12-12-06-12

Continued 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 to enter an Order approving an exception to the spacing requirements as set out in Rule 3(b) of the Special Field Rules for the Big Escambia Creek Field, so as to allow the Petitioner to drill a Well known as the Scott Paper Company 2-1 No. 2 Well, with a proposed bottom hole location to be no closer than 660 feet from the north line and no closer than 660 feet from the east line of the unit for said Scott

Paper Company 2-1 No. 2 Well, which is comprised of the entire Section 2, Township 1 North, Range 6 East, Big Escambia Creek Field, Escambia County, Alabama.

This Petition is a companion to Docket No. 12-12-06-13 in which Petition requests approval of force pooling of the interest in the Scott Paper Company 2-1 No. 2 Well.

BOARD ACTION: Granted 2-2-07 with the stipulation that a directional survey be run to verify the bottom hole location of the well.
ORDER NO. 2007-8

14. DOCKET NO. 12-12-06-13

Continued 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 to enter an order force pooling, with risk compensation, of all tracts and interests in a 640 acre drilling unit for the proposed Scott Paper Company 2-1 No. 2 Well, having a unit consisting of all of Section 2, Township 1 North, Range 6 East, Escambia County, Alabama, in the Big Escambia Creek Field with an objective depth of the Smackover Formation as defined by the Special Field Rules for the Big Escambia Creek 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.

This Petition is a companion to Docket No. 12-12-06-12 in which Petitioner requests approval of an exceptional location for bottom hole location of the Scott Paper Company 2-1 No. 2 Well.

BOARD ACTION: Taken under advisement on 2-2-07. Granted 02-16-07.
ORDER NO. 2007-26

15. DOCKET NO. 12-12-06-14

Continued petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving the reformation of a 40-acre wildcat drilling unit for the Burgess E28-08-30 Well, Permit No. 14949, consisting of the Southeast Quarter of the Northeast Quarter of Section 28, Township 13 South, Range 4 East, St. Clair County, Alabama, to a 320-acre exceptional wildcat drilling unit consisting of the East Half of said Section 28, as an exception to Rule 400-1-2-.02(2)(c) of the State Oil and Gas Board of Alabama Administrative Code, which provides that a well may only be drilled on a 320-acre drilling unit in search of gas in Fayette, Lamar, Pickens, or Tuscaloosa Counties.

This petition is filed as a companion to a petition bearing Docket No. 12-12-06-15 requesting approval of the exceptional location of the referenced well on the proposed reformed 320-acre exceptional wildcat drilling unit.

BOARD ACTION: Dismissed 2-2-07
ORDER NO. 2007-9

16. DOCKET NO. 12-12-06-15

Continued petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving the exceptional location of the Burgess E28-08-30 Well, Permit No. 14949, on a proposed reformed 320-acre exceptional wildcat drilling unit consisting of the East Half of Section 28, Township 13 South, Range 4 East, St. Clair, County, Alabama, said location being 330 feet from the East line and 2,325 feet from the North line of said proposed reformed 320-acre wildcat drilling unit, an exception to Rule 400-1-2-.02(2)(c) of the State Oil and Gas Board of Alabama Administrative Code, which requires a well to be located at least 660 feet from every exterior boundary of a 320-acre drilling unit.

This petition is filed as a companion to a petition bearing Docket No. 12-12-06-14 requesting approval of the reformation of the 40-acre wildcat drilling unit for the referenced well to a 320-acre exceptional wildcat drilling unit.

BOARD ACTION: Dismissed 2-2-07
ORDER NO. 2007-10

17. DOCKET NO. 12-12-06-18B

Continued amended petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving an exceptional 320-acre wildcat drilling unit for a proposed well consisting of the West Half of Section 28, Township 13 South, Range 4 East, St. Clair County, Alabama, as an exception to Rule 400-1-2-.02(2)(a) of the State Oil and Gas Board of Alabama Administrative Code, which provides that a well may only be drilled on a 40-acre drilling unit.

BOARD ACTION: Granted 2-2-07 with the stipulation that if the Burgess E28-14-58 well is productive that the Operator shall escrow all production royalties for said well pending approval of the ultimate production unit by the Board, after notice and hearing.
ORDER NO. 2007-11

18. DOCKET NO. 12-12-06-19

Continued petition by LOWER 15 OIL CORPORATION, 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 from the Joseph W. Hutchinson, Jr., et al #1 Well, Permit No. 1431, located on a 40-acre unit consisting of the Northwest Quarter of the Northeast Quarter of Section 7, 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.

BOARD ACTION: Continued 2-2-07

19. DOCKET NO. 1-31-07-1

Petition by MIDROC OPERATING COMPANY, 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 finding that the contribution of the separately owned Tracts in the Little Cedar Creek Oil Unit have been shown to be erroneous by subsequently discovered pore volume data from a well in the Little Cedar Creek Oil Unit, namely, the Pugh 22-12 Well, Permit No. 14824, said well having a surface location in Section 22, Township 4 North, Range 12 East, Conecuh County, Alabama, in the Little Cedar Creek Field. The Unit Operator has calculated the new Tract participation factors to reflect the altered Tract contribution and requests the Board to approve the revised Tract participation factors of each affected Tract in the Little Cedar Creek Oil Unit in Conecuh County, Alabama.

The redetermination of Unit Tract participation factors for the Little Cedar Creek Oil Unit, Conecuh County, Alabama, is in accordance with the provisions of the Unit Agreement and Section 9-17-86 of the Code of Alabama (1975).

BOARD ACTION: Granted 2-2-07

ORDER NO. 2007-12

20. DOCKET NO. 1-31-07-2

Petition by MIDROC OPERATING COMPANY, 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 amending Rule 16 of the Special Field Rules for the Little Cedar Creek Field by enlarging the "Unit Area" of the Little Cedar Creek Oil Unit as described in the Unit Agreement and Board Order No. 2004-140 to include the South Half of the South Half of Section 22, Township 4 North, Range 12 East, Conecuh County, Alabama so that, as enlarged, the Unit Area will consist of the following:

All of Sections 14, 15 and 16; South Half of Section 17; all of Sections 19, 20, 21 and 22; North Half and North Half of South Half of Section 23; North Half of the North Half of Section 28; North Half of Sections 29 and 30; all in Township 4 North, Range 12 East, Conecuh County, Alabama, in the Little Cedar Creek Field, containing approximately 6,070.42 acres, more or less.

This request is in accordance with Section 9-17-85 of the Code of Alabama (1975) and Article 11 of the Unit Agreement and said proposed enlargement is subject to approval by the owners of at least sixty-six and two-thirds percent (66 2/3%) in interests as costs are shared, and by at least sixty-six and two-thirds percent (66 2/3%) in interests of royalty and overriding royalty owners in the area to be added, called Tract 38 of the Little Cedar Creek Oil Unit.

BOARD ACTION: Granted 2-2-07

ORDER NO. 2007-12

21. DOCKET NO. 1-31-07-3

Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 4B of the Special Field Rules for the Blue Creek Coal Degasification Field for the drilling of Petitioner's Federal 09-08-1039 Well. Said well is to be drilled on an 80-acre unit consisting of the East Half of the Northeast Quarter of Section 9, Township 18 South, Range 8 West, Tuscaloosa County, Alabama, at a location 173 feet from the South line and 167 feet from the East line of the unit. At such location, said well is only 167 feet from the East boundary of the Field and said Rule 4B requires that such wells be drilled at least 300 feet from every exterior boundary of the Field.

The requested exceptional location for the Federal 09-08-1039 Well was previously approved by the Board in Order No. 2005-31 issued on March 11, 2005, and a drilling permit, Permit No. 13948-C, was issued for said well on March 14, 2005. Said drilling permit was subsequently extended by the Board in Order No. 2005-94, issued on August 19, 2005, but has now expired.

BOARD ACTION: Granted 2-2-07

ORDER NO. 2007-13

22. DOCKET NO. 1-31-07-4

Petition by MAYNE & MERTZ, 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 approving a 320-acre unit for the Jones Trust 21-4 No. 1 Well consisting of the South Half of the Southwest Quarter of Section 16, the South Half of the Southeast Quarter of Section 17, the North Half of the Northeast Quarter of Section 20, and the North Half of the Northwest Quarter of Section 21, all in Township 1 North, Range 9 East, Escambia County, Alabama, in the Jernigan Mill Creek Field as an exception to Rule 3(a) of the Special Field Rules for said Field which requires, in part, that wells in said Field be located on units consisting of two contiguous governmental quarter sections containing approximately 320 contiguous acres.

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.

BOARD ACTION: Continued 2-2-07

23. DOCKET NO. 1-31-07-5

Petition by VENTEX OPERATING CORP., 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 amending Rule 1 of the Special Field Rules for the North Smiths Church Field, Escambia County, Alabama, to add the Southeast Quarter of the Southeast Quarter and the South Half of the Northeast Quarter of the Southeast Quarter of Section 23, Township 3 North, Range 7 East to the field limits of said Field.

This petition is filed as a companion to a petition bearing Docket No. 1-31-07-6 requesting reformation of the 160-acre unit for the Odom 24-14 No. 1 Well, Permit No. 14201-B, to a 220-acre unit.

BOARD ACTION: Continued 2-2-07

24. DOCKET NO. 1-31-07-6

Petition by VENTEX OPERATING CORP., 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 a 160-acre unit for the Odom 24-14 No. 1 Well, Permit No. 14201-B, consisting of the Southwest Quarter of Section 24, Township 3 North, Range 7 East, Escambia County, Alabama, in the North Smiths Church Field, to a 220-acre unit consisting of the Southwest Quarter of said Section 24 and the Southeast Quarter of the Southeast Quarter and the South Half of the Northeast Quarter of the Southeast Quarter of Section 23, all in Township 3 North, Range 7 East, Escambia County, Alabama, in accordance with the 50% tolerance allowed by Section 9-17-12 (b) of the Code of Alabama 1975, as amended.

Section 9-17-12(b) of the Code of Alabama 1975, as amended, authorizes the Board to grant units in excess of 160 acres when it is demonstrated that one well can efficiently and economically drain the proposed area and that a larger unit is justified because of technical, economic, environmental or safety considerations, or other reasons deemed valid by the Board. Said 220-acre unit would be an exception to Rule 3(a) of the Special Field Rules for the North Smiths Church Field, which provides for 160-acre governmental units.

This petition is filed as a companion to petition bearing Docket No. 1-31-07-5 requesting an amendment to Rule 1 of the Special Field Rules for the North Smiths Church Field to add parcels to the field limits of said Field.

BOARD ACTION: Continued 2-2-07

25. DOCKET NO. 1-31-07-7

Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving an exceptional 320-acre wildcat drilling unit for a proposed well consisting of the East Half of Section 28, Township 13 South, Range 4 East, St. Clair County, Alabama, as an exception to Rule 400-1-2-.02(2)(a) of the State Oil and Gas Board of Alabama Administrative Code, which provides that a well may only be drilled on a 40-acre drilling unit.

BOARD ACTION: Granted 2-2-07 the stipulation that if the Burgess E28-09-30 well is productive that the Operator shall escrow all production royalties for said well pending approval of the ultimate production unit by the Board, after notice and hearing.

ORDER NO. 2007-14

26. DOCKET NO. 1-31-07-8

Petition by LOWER 15 OIL CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order terminating the unitization of the East Gilbertown Eutaw Unit consisting of the Southeast Quarter and the East Half of the Southwest Quarter of Section 1, Township 10 North, Range 3 West, and the Southwest Quarter of the Southwest Quarter of Section 6, Township 10 North, Range 3 West, all in 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.

BOARD ACTION: Continued 2-2-07

27. DOCKET NO. 1-31-07-9B

Amended petition by HOLLAND OPERATING CO., INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order designating Petitioner as the Operator of Moundville Development Area designated in Exhibit "A" to Board Order 2006-46 as being "Moundville 1, MDV 1," said Development Area consisting of Sections 3, 4, 9, 10, the South Half of Section 11, the North Half of the Northwest Quarter of Section 14 and the Northeast Quarter, the East Half of the Northwest Quarter and the West Half of the Southeast Quarter of Section 15, all in Township 23 North, Range 5 East, Hale County, Alabama, in the Moundville Coal Degasification Field. As part of its operation to produce coalbed methane gas from said Development Area, Petitioner is requesting that the Board authorize it to take over from Land and Natural Resource Development Inc., the responsibilities as Operator of all gas gathering lines and water gathering lines and facilities, gas compressor station sites, pipeline air release valves and existing abandoned power lines located within the above-described Development Area. Petitioner intends to use the aforementioned existing facilities in its production of coalbed gas for wells located in Sections 9 and 10, Township 23 North, Range 5 East, Hale County, Alabama, and it intends to drill additional wells that will utilize said facilities. Within the above-described Development Area, Petitioner will assume the responsibility of restoring all above-ground surface equipment designated in Exhibit "A" to Board Order 2006-46.

In addition, Petitioner seeks permission to use water disposal lines and above-ground facilities through Township 23 North, Ranges 4 and 5 East, Hale County, Alabama, in the Moundville Coal Degasification Field to move produced water to the Cut-Off Lake Treatment Pond located in the Southwest Quarter of Section 23, Township 23 North, Range 4 East, Hale County, Alabama, in the Moundville Coal Degasification Field, where it intends to dispose of produced water in accordance with its water discharge permit from the Alabama Department of Environmental Management. To require the field assets located in the aforementioned areas to be restored would be wasteful and not in the best interest of promoting orderly development.

BOARD ACTION: Taken under advisement on 2-2-07. Granted on 2-16-07 with the stipulation that (1) Holland Operating Co. be designated Operator of that portion of the Moundville Coal Degasification Field known as Moundville 1 and designated as MDV 1 on Exhibit 1; (2) Land and Natural Resource Development, Inc., pursuant to Board Order No. 2006-46, remains the Operator responsible for all other oil and gas related above-ground surface facilities located in the Moundville Coal Degasification Field that are outside the area designated as MDV 1 on Exhibit 1; (3) Holland as operator is responsible for complying with the Board's rules and regulations related to all oil and gas operations and all wells, equipment, gas gathering lines, water gathering lines, gas compressor station sites, and other oil and gas equipment and facilities including abandoned power lines located within that portion of the Moundville Coal Degasification Field designated as MDV 1 on Exhibit 1; (4) No later than the August 3, 2007, Board meeting, Holland shall submit a comprehensive report on its oil and gas project for evaluation by the Board, including but not limited to an inventory and report on the condition of all oil and gas related above-ground surface facilities in that portion of the Moundville Coal Degasification Field designated as MDV 1, such as gas gathering lines, water gathering lines, gas compressor station sites, and other oil and gas equipment and facilities including abandoned power lines. The inventory and report shall include an inspection of all pipeline "tin horns" including the repair of any which are in an unsafe condition; and (5) The portion of the gas gathering lines and water gathering lines located outside the boundary of MDV 1 in the Southeast Quarter of the Northwest Quarter of Section 11, Township 23 North, Range 5 East, Hale County, Alabama, should be severed or separated from that portion of the gas gathering lines and water gathering lines located within the area designated MDV 1 in the Northeast Quarter of the Southwest Quarter, of said Section 11.

ORDER NO. 2007-27

28. DOCKET NO. 1-31-07-10

Petition by MIDROC OPERATING COMPANY, 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 force pooling, without the imposition of a risk compensation penalty, of all tracts and interests in hydrocarbons produced in the Horton 6-15 Well to be drilled on a 160-acre unit consisting of the Southeast Quarter of Section 6, Township 4 North, Range 13 East, Conecuh County, Alabama, as a productive extension of the Little Cedar Creek 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.

BOARD ACTION: Granted 2-2-07

ORDER NO. 2007-15

29. DOCKET NO. 1-31-07-11

Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order establishing a new gas field to be known as the Big Canoe Creek Field, or by such other name as the Board deems appropriate and to adopt Special Field Rules therefor. The proposed field, as underlain by the Conasauga Shale Gas Pool, consists of Sections 24, 25, and 36 of Township 13 South, Range 3 East; Sections 19 through 36 of Township 13 South, Range 4 East; Sections 19, 20, and 29 through 32 of Township 13 South, Range 5 East; Sections 1 and 12 of Township 14 South, Range 3 East; and Sections 1 through 11, Township 14 South, Range 4 East, St. Clair County, Alabama.

The Conasauga Shale Gas Pool should initially be defined as that interval of the Conasauga Shale productive of hydrocarbons between 1,946 feet and 6,944 feet as indicated on the Array Induction-GR Density-APS log of the Dominion Black Warrior Basin, Inc. Newman 27-07-06 Well, Permit No. 14495 including those strata productive of hydrocarbons which can be correlated therewith, and all zones in communication therewith, and productive extensions thereof. However, the upper and lower productive limits of the Conasauga Shale Gas Pool in the proposed field have yet to be fully defined. Said pool constitutes a separate and distinct gas producing pool in said field, separate and distinct from any other producing pool in said field.

The presently known characteristics of the Conasauga Shale Gas Pool in said proposed field, as above defined, and the technical, economic, and environmental considerations are such that Petitioner is requesting the establishment of Special Field Rules providing for drilling units consisting of a governmental half section containing approximately 320 acres upon which no other drilling or producible well is located in the same producing gas pool, and avers that said Special Field Rules is in the best interest of prudent development and oil and gas conservation, will permit orderly delineation and development of the Conasauga Shale Gas Pool, avoid the drilling of unnecessary wells, protect correlative rights, and prevent waste. Petitioner is also requesting that production allowables be established, and that production royalties be escrowed pending further orders of the Board, after notice and hearing to establish the ultimate production unit.

BOARD ACTION: Continued 2-2-07 to a Special Board meeting on February 16, 2007, at 10:00 a.m. in the 1st Floor Commission Office, 165 5th Avenue, Ashville, Alabama.

30. DOCKET NO. 4-30-03-7

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to consider issuing an order for Vintage Petroleum, Inc., Hunt Refining Company, and Pruet Production Company to clean up and remove the oil on the lands of Lois Ezell and the adjoining pipeline right-of-way located in Section 29, Township 11 North, Range 3 West, Choctaw County, Alabama. Vintage Petroleum, Inc., operates the Ezell 29-5 Well, Permit No. 1844, on the lands of Lois Ezell, and certain oil pipelines on the pipeline right-of-way adjoining the lands of Lois Ezell. Hunt Oil Company operates an oil pipeline on the pipeline right-of-way adjoining the lands of Lois Ezell. Pruet Production Company operates a natural gas pipeline and a salt-water pipeline on the pipeline right-of-way adjoining the lands of Lois Ezell. The jurisdiction and authority of the Board is set forth in Section 9-17-1 et seq. of the Code of Alabama (1975), as amended.

BOARD ACTION: Continued 2-2-07

31. 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 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 (1293 TB)	C. F. Stewart Heirs #1 (C. F. Stewart Heirs #1)	S1, T10N, R3W S1, T10N, R3W
1338 (1343 TB)	Mattie E. Clark #1-6 (Abston Jones 1-6)	S1, T10N, R3W 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

BOARD ACTION: Continued 2-2-07

32. DOCKET NO. 9-19-06-8

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA for S. Lavon Evans, Jr., Operating Co., Inc. to submit to the Board certain documents required by the Board in Order No. 2006-6 dated January 13, 2006. In the Order, the Board issued a fine of \$10,000 for violations of certain regulations and ordered that “for all the permitted wells that S. Lavon Evans, Jr., Operating Co., Inc., presently operates, it shall submit within a timely manner to the Board with notice and hearing (a) a written title opinion prepared by a licensed Alabama attorney, (b) a report naming all royalty owners and their interest in the unit, and (c) a statement by a licensed Alabama attorney that the Affidavit of Ownership or Control for each permitted well operated by S. Lavon Evans, Jr., Operating Co., Inc., is accurate.” This Motion is set pursuant to the Oil and Gas Laws, Section 9-17-1 et seq., Ala. Code 1975. S. Lavon Evans, Jr. Operating Company, Inc. operates wells in Tuscaloosa, Lamar, Pickens and Jefferson Counties, Alabama.

BOARD ACTION: Dismissed 2-2-07

ORDER NO. 2007-16

33. DOCKET NO. 1-31-07-12

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend Rule 400-3-8-.03 of the State Oil and Gas Board of Alabama Administrative Code relating to the Protection of Underground Sources of Drinking Water during the Hydraulic Fracturing of Coal Beds so as to revise the filing, evaluation, approval, and operational requirements contained therein. In 2005, Congress amended the Safe Drinking Water Act, 42 U.S.C. Sec. 300h to exclude from the application of the Act “the underground injection of fluids or propping agents (other than diesel fuel) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities.” 42 U.S.C. Sec. 300h(d)(1). Therefore, in its Motion the Board proposes to exclude hydraulic fracturing from the regulatory requirements of the Class II Underground Injection Control Program that is being administered by the State Oil and Gas Board.

BOARD ACTION: Continued 2-2-07