

RESULTS
STATE OIL AND GAS BOARD OF ALABAMA
BOARD MEETING
NOVEMBER 4 & 6, 2008

1. DOCKET NO. 4-14-08-7B

Continued amended petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 3(b) of the Special Field Rules for the Coal Fire Creek Field, Pickens County, Alabama, for the exceptional location of the Cunningham 16-12 #2 Well, Permit No. 5881. Petitioner proposes to re-enter and complete said well on a 320-acre unit consisting of the West Half of Section 16, Township 18 South, Range 14 West, Pickens County, Alabama, at a location 2,300 feet from the South line and 330 feet from the West line of said Section 16. Said Rule 3(b) requires that wells drilled in said Field be located at least 660 feet from every exterior boundary of the drilling unit, and the proposed location of the referenced well is only 330 feet from the West line of the 320-acre drilling unit for said well.

In the proposed re-entry, Petitioner desires to test the Benton Sand Gas Pool as defined in the Special Field Rules for the Coal Fire Creek Field and also test the Tusculmbia and Millerella Sands. Excluded from the re-entry tests are the Carter, Lewis and Fayette Sand Gas Pools. There are two producing wells in the said West Half of Section 16, one producing from the Lewis Sand Gas Pool and another producing from the Fayette Sand Gas Pool with one well in the Carter Sand Gas pool that is no longer producing.

BOARD ACTION: Granted 11-6-08

ORDER NO. 2008-162

2. DOCKET NO. 8-26-08-7C

Continued amended petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order rescinding Board Orders 97-154 and 98-85 that force pooled, with imposition of the risk compensation fee, all tracts and interests in the Pennsylvanian and Mississippian age strata in a 320-acre unit consisting of the West Half of Section 16, Township 18 South, Range 14 West, Pickens County, Alabama, in the Coal Fire Creek Field. The Board in Order No. 97-154, issued on December 19, 1997, force pooled interests for the re-entry of the Jabsco Oil LLC Carpenter/Shirley 16-3 #1 Well, Permit No. 4637-A. The Board in Order No. 98-85, issued on July 24, 1998, force pooled interests for the drilling of the Gulf States Paper 16-6 #1 Well, Permit No. 11459. Petitioner seeks to have said Orders rescinded in order to allow Petitioner to re-enter the Cunningham 16-12 # 2 Well, Permit No. 5881 and attempt to complete a well in either the Tusculmbia or Millerella Sands.

BOARD ACTION: Granted 11-6-08 with stipulation

ORDER NO. 2008-163

3. DOCKET NO. 9-30-08-3A

Continued amended petition by SAGA PETROLEUM LIMITED LIABILITY COMPANY OF COLORADO, a foreign limited liability company, requesting the State Oil and Gas Board to enter an order amending Rule 2 of the Special Field Rules for the Oak Grove Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, in order to delete the Southeast Quarter of the Southeast Quarter of Section 18, Township 19 South, Range 8 West, Tuscaloosa County, Alabama, from the field limits of said Field.

BOARD ACTION: Granted 11-6-08

ORDER NO. 2008-164

4. DOCKET NO. 9-30-08-4A

Continued amended petition by SAGA PETROLEUM LIMITED LIABILITY COMPANY OF COLORADO, a foreign limited liability company, requesting the State Oil and Gas Board to enter an order amending Rule 2 of the Special Field Rules for the Blue Creek Coal Degasification Field, Tuscaloosa and Fayette Counties, Alabama, in order to add the Southeast Quarter of the Southeast Quarter of Section 18, Township 19 South, Range 8 West, Tuscaloosa County, Alabama to the field limits of said Field.

BOARD ACTION: Granted 11-6-08

ORDER NO. 2008-165

5. DOCKET NO. 9-30-08-6

Continued petition by SHELL OFFSHORE INC. ("Shell") a corporation authorized to do and doing business in the State of Alabama. Shell is requesting the State Oil and Gas Board to approve modification of Shell's Production, Allocation and Reporting methodology for Shell's Fairway Field, Mobile County, Alabama to be consistent with the Department of Conservation's agreed upon measurement, allocation and reporting methodology. The allocation procedure balances the production volumes from the Fairway Field (State Leases 531, 532) with the volumes of products sold or consumed within the Yellowhammer Plant and Fairway Field. The jurisdiction and authority of the Oil and Gas Board is provided in Section 9-17-1, et seq., Code of Alabama (1975) as amended.

BOARD ACTION: Continued 11-6-08

6. DOCKET NO. 9-30-08-7

Continued petition by CARRIZO OIL & GAS, INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an Order approving a 160-acre drilling unit for the Black Stone-Indigo 10-10 No. 1 Well to consist of the Southwest Quarter of the Northeast Quarter, the Southeast Quarter of the Northwest Quarter, the Northeast Quarter of the Southwest Quarter and the Northwest Quarter of the Southeast Quarter of Section 10, Township 3 North, Range 6 East, Escambia County, Alabama. The Northwest Quarter of the Southeast Quarter of said Section 10 and the surface and bottom hole location of the proposed Well lie in the Chitterling Creek Field and the proposed drilling unit is an exception to Rule 3 (a) of the Special Field Rules for said Field which requires that Wells in said field be located on units consisting of a governmental quarter section containing approximately 160 contiguous acres.

BOARD ACTION: Granted 11-6-08

ORDER NO. 2008-166

7. DOCKET NO. 11-4-08-1

Petition by WINN EXPLORATION CO., INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order establishing permanent allowables for the Winn Exploration Co., Inc. –Craft – Noble 35-1 No. 1 Well, Permit No. 15396, in the Baileys Creek Field, Monroe County, Alabama in accordance with Rule 7 of the Special Field Rules for said Field.

BOARD ACTION: Continued 11-6-08

8. DOCKET NO. 11-4-08-2

Petition by SPOONER PETROLEUM COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an Order amending Rule 2 of the Special Field Rules for the East Lambeth Church Field, Escambia County, Alabama, to add and define the Lower Moye Sand Oil Pool for said Field.

Petitioner requests that the Lower Moye Sand Oil Pool in the East Lambeth Church Field be defined as that interval of the Lower Moye Sand productive of hydrocarbons between the interval of 6575 feet and 6581 feet, measured depth, (-6331 feet and -6337 feet, subsea measured depth) as indicated on the High Definition Induction Log for the Powell-Rabon 3-11 No. 1 Well, Permit No. 15711-AB, and all zones in communication therewith and all productive extensions thereof. Said pool constitutes a separate and distinct oil producing pool in said Field, separate and distinct from all other producing pools therein.

BOARD ACTION: Continued 11-6-08

9. DOCKET NO. 11-4-08-3A

Amended petition by SAGA PETROLEUM LIMITED LIABILITY COMPANY OF COLORADO, a foreign limited liability company, requesting the State Oil and Gas Board to enter an order approving the exceptional bottom hole location of the McShan 2-1-1 Well, Permit No. 15796, as an exception to Rule 400-1-2-.02(2)(c) of the State Oil and Gas Board of Alabama Administrative Code. Said well was drilled on a 320-acre wildcat drilling unit consisting of the East Half of Section 2, Township 19 South, Range 16 West, Pickens County, Alabama, at a surface location 667 feet from the North line and 675 feet from the East line of said 320-acre wildcat drilling unit, but said well drifted such that the bottom hole location is 514 feet from the North line and 694 feet from the East line of said 320-acre wildcat drilling unit.

Rule 400-1-2-.02(2)(c) requires that wells be drilled at least 660 feet from every exterior boundary of the drilling unit, but the bottom hole location of the referenced well, being 514 feet from the North line of said 320-acre unit, is an exception to said Rule.

BOARD ACTION: Granted 11-6-08

ORDER NO. 2008-167

10. DOCKET NO. 11-4-08-4A

Amended petition by HUGHES EASTERN 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 approving an exceptional location for the proposed Allman 17-4 #2 Well as an exception to Rule 3(b) of the Special Field Rules for the Bluff Gas Field, Fayette and Lamar Counties, Alabama. Petitioner proposes to drill said well to test the Gilmer Sand Gas Pool on a 320-acre unit consisting of the North Half of Section 17, Township 14 South, Range 13 West, Fayette County, Alabama, at a location 810 feet from the West line and 330 feet from the North line of said 320-acre drilling unit. Said Rule 3(b) requires that wells drilled in said Field be located at least 660 feet from every exterior boundary of the drilling unit, and the proposed location will be an exception to said Rule.

BOARD ACTION: Granted 11-6-08

ORDER NO. 2008-168

11. DOCKET NO. 11-4-08-5

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order re-assuming jurisdiction and authority over the following described wells in the Brookwood Coal Degasification Field, Tuscaloosa County, Alabama:

<u>Well Name</u>	<u>Permit No.</u>	<u>Location</u>
Wesley West #3-2-2	6742-CG	S3-T20S-R8W
Wesley West #3-3-3	8304-CG	S3-T20S-R8W
Wesley West #3-4-4	9963-CG	S3-T20S-R8W.

At the request of Petitioner, the Board entered Order No. 94-95 on June 24, 1994, relinquishing and terminating jurisdiction and authority over certain wells in the Brookwood Coal Degasification Field including the above-referenced wells based upon evidence that none of the wells was producing gas at the time nor were they expected to produce in the future. Said Order required Petitioner to plug and abandon these wells when they were no longer useful for mine safety or utility reasons. Due to the installation of a Nitrogen Recovery Unit that will take non-pipeline quality gas and recover non-combustible gas from the full well stream thus rendering otherwise non-marketable gas marketable, Petitioner is now requesting the Board to re-assume jurisdiction and authority over the above-described wells.

BOARD ACTION: Granted 11-6-08
ORDER NO. 2008-169

12. DOCKET NO. 11-4-08-6

Petition by ESCAMBIA OPERATING CO., LLC, (Escambia) a foreign limited liability company, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to review Escambia’s amount of surety as ordered by the Board in Order No. 2007-152 issued on November 9, 2007, for operating numerous wells, two plants and associated production facilities and gathering lines located in the following fields: Big Escambia Creek; Flomaton; Fanny Church; West Appleton; Northwest Smiths Church; and South Burnt Corn Creek, all located in Escambia County; and the North Choctaw Ridge Field located in Choctaw County. In said Order No. 2007-152, the Board ordered Escambia’s blanket bond to be in the amount of \$2.5 million.

BOARD ACTION: Continued 11-6-08

13. DOCKET NO. 11-4-08-7A

Amended petition by HIGHMOUNT BLACK WARRIOR BASIN LLC, a foreign 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 reforming the unit for the Jolen 04-01-1160 Well, Permit No. 15682-C, from an 80-acre unit consisting of the East Half of the Northeast Quarter of Section 4, Township 19 South, Range 10 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field to a 40-acre unit consisting of the Northeast Quarter of the Northeast Quarter of said Section 4.

Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another coalbed methane well in the lands proposed to be eliminated.

This petition is filed as a companion to a petition bearing Docket No. 11-4-08-8 requesting approval of the exceptional location for the referenced well on the proposed reformed 40-acre unit.

BOARD ACTION: Granted 11-6-08
ORDER NO. 2008-170

14. DOCKET NO. 11-4-08-8A

Amended petition by HIGHMOUNT BLACK WARRIOR BASIN LLC, a foreign 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 approving the exceptional location of the Jolen 04-01-1160 Well, Permit No. 15682-C, on a proposed reformed 40-acre drilling unit consisting of the Northeast Quarter of the Northeast Quarter of Section 4, Township 19 South, Range 10 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field, as an exception to Rule 4B of the Special Field Rules for said Field. The location of the referenced well on said proposed reformed 40-acre drilling unit is 1,217 feet from the North line and 454 feet from the East line of said proposed reformed 40-acre drilling unit, making the location of said well 100 feet from the South line of the 40-acre drilling unit. Said Rule 4B requires that wells be located at least 150 feet from every exterior boundary of the drilling unit, and the location of said well on the proposed reformed 40-acre unit is an exception to said Rule.

This petition is filed as a companion to a petition bearing Docket No. 11-4-08-7 requesting reformation of the 80-acre unit for the referenced well to a 40-acre unit.

BOARD ACTION: Granted 11-6-08
ORDER NO. 2008-171

15. DOCKET NO. 11-4-08-9A

Amended petition by ROBINSON'S BEND OPERATING II, LLC, 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 Smalley #16-1-347 Well, Permit No. 9069-C, from an 80-acre unit consisting of the North Half of the Northeast Quarter of Section 16, Township 21 South, Range 11 West, Tuscaloosa County, Alabama, in the Robinson's Bend Coal Degasification Field to a 40-acre unit consisting of the Northeast Quarter of the Northeast Quarter of said Section 16.

Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another coalbed methane well in the lands proposed to be eliminated.

BOARD ACTION: Dismissed 11-6-08

ORDER NO. 2008-172

16. DOCKET NO. 11-4-08-10A

Amended 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 approving the exceptional bottom hole location of the Cedar Creek Land and Timber 9-12 Well, Permit No. 15772, as an exception to Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code. Said well was drilled on a 160-acre wildcat drilling unit consisting of the Southwest Quarter of Section 9, Township 4 North, Range 13 East, Conecuh County, Alabama, at a surface location 1,973 feet from the South line and 918 feet from the West line of said 160-acre wildcat drilling unit, but said well drifted such that the bottom hole location is 501 feet from the North line and 1,055 feet from the West line of said 160-acre unit, and as such, is an exception to said Rule.

Rule 400-1-2-.02(2)(b) requires that wells be drilled at least 660 feet from every exterior boundary of the drilling unit, but the bottom hole location of the referenced well, being 501 feet from the North line of said 160-acre wildcat drilling unit, is an exception to said Rule.

BOARD ACTION: Granted 11-6-08

ORDER NO. 2008-173

17. DOCKET NO. 11-4-08-11

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 without risk compensation, all tracts and interests in coalbed methane produced from the Pottsville formation in an 80 acre drilling unit for the proposed Dunn 35-05-611 Well, having a unit consisting of all of the Southwest Quarter of the Northwest Quarter of Section 35 and the Southeast Quarter of the Northeast Quarter of Section 34, all in Township 17 South, Range 9 West, Tuscaloosa County, Alabama, in the White Oak 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.

BOARD ACTION: Dismissed 11-6-08

ORDER NO. 2008-174

18. DOCKET NO. 11-4-08-12

Petition by DELPHI OIL, 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 force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced in the 9216 JV-P Jordan 33-8 #1 Well, Permit No. 10600, located on a 160-acre unit consisting of the Northeast Quarter of Section 33, Township 6 North, Range 7 East, Monroe County, Alabama, in the North Excel Field.

This well was permitted on August 2, 1994, and drilled by BTA Oil Producers, and on January 10, 2001, Canecutter Production, Inc., became the operator of said well. On September 2, 2008, Delphi Oil, Inc., became the operator of the 9216 JV-P Jordan 33-8 #1 Well and said company is currently attempting to restore the mechanical integrity of the well in an effort to put it back on production and will plug and abandon the well if the mechanical integrity cannot be restored.

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 11-6-08

19. DOCKET NO. 11-4-08-13

Petition by DELPHI OIL, 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 force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced in the 9216 JV-P Hill 34-3 #1 Well, Permit No. 10727-B, located on a 160-acre unit consisting of the Northwest Quarter of Section 34, Township 6 North, Range 7 East, Monroe County, Alabama, in the North Excel Field.

This well was permitted on February 14, 1995, and drilled by BTA Oil Producers, and on January 10, 2001, Canecutter Production, Inc., became the operator of said well. On September 2, 2008, Delphi Oil, Inc., became the operator of the 9216 JV-P Hill 34-3 #1 Well and said company is currently attempting to restore the mechanical integrity of the well in an effort to put it back on production and will plug and abandon the well if the mechanical integrity cannot be restored.

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: Dismissed 11-6-08
ORDER NO. 2008-175

20. **DOCKET NO.** 11-4-08-14

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending Rule 2 of the Special Field Rules for the Brookwood Coal Degasification Field to add the East Half of the Northeast Quarter and the Northwest Quarter of the Northeast Quarter of Section 17, Township 20 South, Range 8 West, Tuscaloosa County, Alabama to the field limits of said Field.

BOARD ACTION: Granted 11-6-08
ORDER NO. 2008-176

21. **DOCKET NO.** 11-4-08-15A

Amended petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 5 of the Special Field Rules for the Brookwood Coal Degasification Field, Tuscaloosa County, Alabama, for the open hole completion of the Belcher 33-06-556 Well, Permit No. 15813-C, located in Section 33, Township 20 South, Range 7 West.

BOARD ACTION: Granted 11-6-08
ORDER NO. 2008-177

22. **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> (<u>Tank Battery</u>)	<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	S 1, T10N, R3W

BOARD ACTION: Continued 11-6-08

23. 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.

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

<u>Permit No.</u> <u>(Tank Battery No.)</u>	<u>Well Name</u> <u>(Tank Battery)</u>	<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 (102 TB)	Kingree #5-12 (Carolyn Moseley #1)	S5, T10N, R3W S5, T10N, R3W
271 (258 TB)	F. A. Adams et al #1 (Cooper Wigham # 1)	S6, T10N, R3W S6, T10N, R3W
3469 (3469 TB)	Smith Trice #34-10 (Smith Trice #34-10)	S34, T11N, R4W S34, T11N, R4W

Gilberttown 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

Gilberttown Field Wells in the Gilberttown (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 (former injection well)	F. M. Johnson 4-7 #2	S4, T10N, R3W

BOARD ACTION: Continued 11-6-08