

RESULTS OF MEETING

The State Oil and Gas Board of Alabama held regular hearings at 10:00 a.m. on Tuesday, December 11, 2012, and Thursday, December 13, 2012 in the Board Room of the State Oil and Gas Board, Walter B. Jones Hall, University of Alabama Campus, 420 Hackberry Lane, Tuscaloosa, Alabama.

1. DOCKET NO. 9-11-12-09B

Petition by VENTURE 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 an exceptional 160-acre drilling unit for the proposed McPhearson 23-6 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 23, Township 11 North, Range 2 West, Choctaw County, Alabama to be drilled as a wildcat well. The proposed drilling unit is an exception to Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code that requires all wells to be located on units consisting of a governmental quarter section of approximately 160 acres.

That this Petition is filed as a companion to a Petition under Docket No. 9-11-12-10 requesting that all tracts and interests in hydrocarbons produced from the 160-acre drilling unit be force pooled by the Board with the imposition of a risk compensation penalty.

BOARD ACTION: GRANTED, 12/13/2012.

ORDER NO.: 2012-96.

2. DOCKET NO. 9-11-12-10D

Petition by VENTURE 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 force pooling, without the imposition of a risk compensation penalty, all tracts and interest in hydrocarbons produced from the Smackover Formation from the proposed McPhearson 23-6 No. 1 Well to be drilled on a 160-acre unit 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 23, Township 11 North, Range 2 West, Choctaw County, Alabama to be drilled as a wildcat well.

This Petition is in accordance with Section 19-17-13, Code of Alabama, (1975), as amended, and Rule 400-7-2-.01 of The State Oil and Gas Board of Alabama Administrative Code.

That this Petition is filed as a companion to a Petition under Docket No. 9-11-12-09 requesting approval of the exceptional 160-acre drilling unit for the proposed McPhearson 23-6 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 23, Township 11 North, Range 2 West, Choctaw County, Alabama to be drilled as a wildcat well.

BOARD ACTION: GRANTED, 12/13/2012.

ORDER NO.: 2012-97.

3. DOCKET NO. 10-23-12-01A

Petition by ANKOR E&P HOLDINGS CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to (i) establish a new oil field in Escambia County, Alabama, to be known as the "Southeast Wallace Field," or such other name as the Board may deem appropriate; (ii) adopt special field rules for the new oil field, which establish spacing requirements and production allowables for wells drilled in the field; and (iii) establish field limits for the new oil field.

Petitioner requests that the proposed Southeast Wallace Field be approved and established to consist of the Northwest Quarter of Section 19, Township 3 North, Range 9 East, Escambia County, Alabama, as underlain by the Smackover oil pool, as defined below, including all strata that can be correlated therewith, all zones in communication therewith and all productive extensions thereof.

Petitioner further requests that the Smackover oil pool in the proposed Southeast Wallace Field be defined as those strata of the Smackover formation productive of hydrocarbons in the interval between 13,672 feet and 13,704 feet MD in the Craft-Black Stone 19-3 No. 1 Well, Permit No. 16533-B, with a surface location of 671 feet FNL and 2,190 feet FWL of Section 19, Township 3 North, Range 9 East, Escambia County, Alabama, as defined by the Platform Express Log for the Well, including all strata that can be correlated therewith, all zones in communication therewith and all productive extensions thereof.

Petitioner further requests spacing units of 160 contiguous surface acres and production allowables of 200 barrels of oil per day for wells drilled in the field.

The Petition is filed pursuant to Section 9-17-1 *et seq.*, Code of Alabama 1975, and other oil and gas conservation laws of the State of Alabama.

This Petition is filed as a companion to a Petition requesting that the Board reform the 40-acre wildcat drilling unit for the Craft-Black Stone 19-3 No. 1 Well, Permit No. 16533-B, and approve and establish a 160-acre production unit for the Well consisting of the Northwest Quarter of Section 19, Township 3 North, Range 9 East, Escambia County, Alabama.

BOARD ACTION: CONTINUED, 12/13/2012.

4. DOCKET NO. 10-23-12-02A

Petition by ANKOR E&P HOLDINGS CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to reform the 40-acre wildcat drilling unit for the Craft-Black Stone 19-3 No. 1 Well, Permit No. 16533-B (the "Well"), to a 160-acre production unit.

Petitioner proposes to reform the 40-acre wildcat drilling unit for the Well consisting of the Northeast Quarter of the Northwest Quarter of Section 19, Township 3 North, Range 9 East, Escambia County, Alabama, to a 160-acre production unit consisting of the Northwest Quarter of Section 19, Township 3 North, Range 9 East, Escambia County, Alabama.

Petitioner requests that the Board approve and establish the proposed 160-acre production unit in accordance with the provisions of Sections 9-17-12(b), *Code of Alabama 1975*, relating to the establishment of drilling and production units, and other oil and gas conservation laws of the State of Alabama.

This Petition is filed as a companion to a Petition requesting that the Board establish a new oil field in Escambia County, Alabama, to be known as the "Southeast Wallace Field," which will encompass the proposed 160-acre production unit for the Well.

BOARD ACTION: CONTINUED, 12/13/2012.

5. DOCKET NO. 10-23-12-09A

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order pursuant to Sections 9-17-1 through 9-17-33 and 9-17-80 through 9-17-88, *Code of Alabama* (1975) approving and establishing a partial field-wide Unit, to be known as Unit VI-A, consisting of the hereinafter described "Unit Area" in the Oak Grove Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, and requiring the operation of said Unit Area as a single Unit in order to avoid the drilling of unnecessary wells, increase the efficiency of operations and enhance the ultimate recovery of occluded natural gas from the Unitized Formation, as hereinafter defined, and avoid waste.

The "Unitized Formation" is to be designated as the Pottsville Coal Interval underlying the Unit Area, and is defined as the productive coal seams found between the depths of 522 feet and 1,930 feet as encountered in the Shelby Belcher 26-05-562 Well, Permit No. 15912-C, located in Section 26, Township 19 South, Range 6 West, Jefferson County, Alabama, as indicated on the Gamma Ray High Resolution Density Log for said well, and all zones in communication therewith and all productive extensions thereof, including any coal seam stringer that might occur within a depth of either 80 feet above or 80 feet below the Pottsville Coal Interval, and including those coal seams which can be correlated therewith.

Petitioner further seeks approval of the Unit Agreement and Unit Operating Agreement, as ratified, in accordance with Section 9-17-84, *Code of Alabama* (1975), and approval of the amendments to the Special Field Rules for the Oak Grove Coal Degasification Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

Petitioner further seeks entry of an order unitizing, pooling and integrating the Unit Area, as underlain by the above defined unitized formation so as to require all owners or claimants of royalty, overriding royalty, mineral, and leasehold interests within the Unit Area to unitize, pool and integrate their interests and develop their lands or interests as a unit, and designating Black Warrior Methane Corp. as operator of the Unit Area in accordance with the laws of Alabama.

The proposed Unit Area, to be designated Unit VI-A, containing approximately 17,160 acres, consists of the following described parcels located in Tuscaloosa and Jefferson Counties, Alabama:

JEFFERSON COUNTY, ALABAMA

Township 18 South, Range 6 West

All of Section 31 and the Southwest Quarter and Southwest Quarter of Northwest Quarter of Section 32

Township 19 South, Range 6 West

West Half, West Half of East Half, Southeast Quarter of the Northeast Quarter and Northeast Quarter of Southeast Quarter of Section 5; All of Sections 6 and 7; West Half and West Half of Southeast Quarter of Section 8; West Half of West Half of Section 16; All of Sections 17, 18, 19 and 20; West Half, Southeast Quarter and Southwest Quarter of Northeast Quarter of Section 21; Southwest Quarter of Southwest Quarter of Section 22; Northwest Quarter, West Half of Northeast Quarter, Northeast Quarter of Northeast Quarter, West Half of Southwest Quarter and Northeast Quarter of Southwest Quarter of Section 26; West Half, West Half of Northeast Quarter, Southeast Quarter of Northeast Quarter and Southeast Quarter of Section 27; All of Sections 28 and 29; North Half of Section 30; North Half of Section 32; All of Section 33, less and except Southeast Quarter of Southeast Quarter; North Half of Section 34

Township 19 South, Range 7 West

All of Sections 1 and 2; East Half of Southeast Quarter of Section 3; All of Sections 11, 12 and 13

TUSCALOOSA COUNTY, ALABAMA

Township 19 South, Range 6 West

East Half and the East Half of the West Half of Section 31; South Half of Section 32

Township 19 South, Range 7 West

Southwest Quarter and West Half of Southeast Quarter of Section 3; Southeast Quarter of Section 4; All of Sections 8 and 9; West Half, Northeast Quarter and East Half of Southeast Quarter of Section 10; All of Section 14.

BOARD ACTION: DISMISSED WITHOUT PREJUDICE, 12/13/2012.
ORDER NO.: 2012-98.

6. DOCKET NO. 10-23-12-11

Petition by NATURAL GAS & OIL, INC., an Alabama Corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order changing the operator of the Weyerhaeuser 33-15 #1 well (permit no. 12974), the Weyerhaeuser 4-1 #1 well (permit no. 12975) and the Weyerhaeuser 3-7 #1 well (permit no. 13260), Asbury Church Field, Lamar County, Alabama from S. Lavon Evans, Jr. Operating Company, Inc. to Natural Gas & Oil, Inc.

This petition is filed as a companion petition to the petition bearing Docket No. 10-23-12-12 requesting the force pooling, without the imposition of a risk compensation fee, of all tracts and interests in hydrocarbons produced from the formations of Mississippian and Pennsylvania Age in the Weyerhaeuser 33-15 #1 well (permit No. 12974) in said Asbury Church Field, Lamar County, Alabama.

BOARD ACTION: GRANTED, 12/20/2012.
ORDER NO.: 2012-108.

7. DOCKET NO. 10-23-12-12

Petition by NATURAL GAS & OIL, INC., an Alabama 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 force pooling, without the imposition of a risk compensation fee, all tracts and interests in hydrocarbons produced from the formations of Mississippian and Pennsylvania Age the in the Weyerhaeuser 33-15 #1 well (permit No. 12974), consisting of the East Half of Section 33, Township 16 South, Range 16 West, Lamar County, Alabama, in the Asbury Church Field, Lamar County, Alabama.

This petition is filed as a companion petition to the petition bearing Docket No. 10-23-12-11 requesting the State Oil and Gas Board of Alabama to enter an order changing the operator of the Weyerhaeuser 33-15 #1 well (permit no. 12974), the Weyerhaeuser 4-1 #1 well (permit no. 12975) and the Weyerhaeuser 3-7 #1 well (permit no. 13260), Asbury Church Field, Lamar County, Alabama from S. Lavon Evans, Jr. Operating Company, Inc. to Natural Gas & Oil, Inc.

BOARD ACTION: GRANTED, 12/20/2012.
ORDER NO.: 2012-109.

8. DOCKET NO. 10-23-12-13

Petition by NATURAL GAS & OIL, INC., an Alabama 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 force pooling, without the imposition of a risk compensation fee, all tracts and interests in hydrocarbons produced from the formations of Mississippian and Pennsylvania Age the in the Weyerhaeuser 3-7 #1 well (permit No. 13260), consisting of the East Half of Section 3, Township 17 South, Range 16 West, Lamar County, Alabama, in the Asbury Church Field, Lamar County, Alabama.

BOARD ACTION: GRANTED, 12/20/2012.
ORDER NO.: 2012-110.

9. DOCKET NO. 10-23-12-15

Petition by CRAFT OPERATING COMPANY IX, LLC, 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 force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced from a wildcat well to be drilled on a unit consisting of the Northeast Quarter of Section 32, Township 6 North, Range 14 East, Covington County, Alabama.

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 WITHOUT PREJUDICE, 12/13/2012.
ORDER NO.: 2012-99.

10. DOCKET NO. 12-11-12-01

Petition by SKLAR EXPLORATION COMPANY L.L.C. requesting that the State Oil and Gas Board of Alabama enter an order (a) force pooling, without risk compensation, all tracts and interests in the Southeast Quarter of Section 5, Township 3 North, Range 12 East, Escambia County, Alabama, as a 160-acre wildcat unit for the purpose of drilling a well to test formations down to and including the Smackover and Norphlet formations, (b) requiring all owners of tracts and interests in said unit to develop their tracts and interests as a unit, and (c) appointing Petitioner as the operator of said unit. This petition is filed pursuant to Sections 9-17-1, *et seq.* Ala. Code (1975) (and, in particular, Section 9-17-13, as amended) and Rules 400-1, *et seq.* (and, in particular, Rule 400-7-1 *et seq.*) of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: CONTINUED, 12/13/2012.

11. DOCKET NO. 12-11-12-02

Petition by SKLAR EXPLORATION COMPANY L.L.C. requesting that the State Oil and Gas Board of Alabama enter an order (a) force pooling, without risk compensation, all tracts and interests in the Southwest Quarter of Section 4, Township 3 North, Range 12 East, Escambia County, Alabama, as a 160-acre wildcat unit for the purpose of drilling a well to test formations down to and including the Smackover and Norphlet formations, (b) requiring all owners of tracts and interests in said unit to develop their tracts and interests as a unit, and (c) appointing Petitioner as the operator of said unit. This petition is filed pursuant to Sections 9-17-1, *et seq.* Ala. Code (1975) (and, in particular, Section 9-17-13, as amended) and Rules 400-1, *et seq.* (and, in particular, Rule 400-7-1 *et seq.*) of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: GRANTED, 12/13/2012.

ORDER NO.: 2012-100.

12. DOCKET NO. 12-11-12-03

Petition by ANKOR E&P HOLDINGS CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to amend the Special Field Rules for the South Pleasant Hill Church Field to establish a permanent oil production allowable for the production unit for the Craft-Black Stone 13-1 No. 1 Well, Permit No. 16625-B, located in Escambia County, Alabama.

Petitioner requests that a permanent oil production allowable of 400 barrels of oil per day be established for the production unit for the Craft-Black Stone 13-1 No. 1 Well, Permit No. 16625-B.

The Petition is filed pursuant to Rule 400-1-5-.04 of the *State Oil and Gas Board of Alabama Administrative Code* and Rules 6, 7 and 16 of the Special Field Rules for the South Pleasant Hill Church Field.

BOARD ACTION: GRANTED, 12/13/2012.

ORDER NO.: 2012-101.

13. DOCKET NO. 12-11-12-04

Petition by MRS. EUNICE REYNOLDS, an individual mineral interest owner and lessee, requesting the State Oil and Gas Board of Alabama to approve an alternate 160-acre production unit for the Craft-Black Stone 19-3 No. 1 Well, Permit No. 16533-B from that production unit described in the ANKOR E&P Holdings Corporation's Petition bearing Docket No. 10-23-12-02A,

Petitioner requests that the Board approve her alternate production unit, which will consist of the Southeast Quarter of the Southwest Quarter of Section 18, Township 3 North, Range 9 East; and the North Half of the Northwest Quarter of Section 19, Township 3 North, Range 9 East; and the North Half of the South Half of the Northwest Quarter of Section 19, Township 3 North, Range 9 East, all in Escambia County, Alabama.

This Petition is filed pursuant to Section 9-17-1 *et seq.*, *Code of Alabama 1975*, and other oil and gas conservation laws of the State of Alabama.

This Petition is filed as a companion to a Petition requesting that the Board extend the boundaries of the existing South Wallace Field located in Escambia County, Alabama, and to change certain of the Special Field Rules for the South Wallace Field as Necessary.

BOARD ACTION: CONTINUED, 12/31/2012.

14. DOCKET NO. 12-11-12-05

Petition by MRS. EUNICE REYNOLDS, an individual mineral interest owner and lessee, requesting the State Oil and Gas Board of Alabama to extend the boundaries of the existing South Wallace Field located in Escambia County, Alabama, and to change certain of the Special Field Rules for the South Wallace Field as Necessary.

Petitioner requests that the field limits of the existing South Wallace Field be re-defined to consist of the Southeast Quarter of Section 13 and the North Half of the Northeast Quarter of Section 24, Township 3 North, Range 8 East; and the Southwest Quarter of Section 18, Township 3 North, Range 9 East; and the North Half of the Northwest Quarter of Section 19, Township 3 North, Range 9 East; and the North Half of the South Half of the Northwest Quarter of Section 19, Township 3 North, Range 9 East; all in Escambia County, Alabama; as underlain by the Smackover Oil Pool, as defined below, including all strata that can be correlated therewith, all zones in communication therewith and all productive extensions thereof.

Petitioner further requests that the definition of the Smackover Oil Pool as defined in the Special Field Rules for the already existing South Wallace Field be re-defined to accurately depict the area of the Smackover Oil Pool.

BOARD ACTION: CONTINUED, 12/31/2012.

15. DOCKET NO. 12-11-12-06

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order pursuant to Sections 9-17-1 through 9-17-33 and 9-17-80 through 9-17-88, *Code of Alabama* (1975) approving and establishing a partial field-wide Unit, to be known as Unit VI-A, consisting of the hereinafter described "Unit Area" in Jefferson County, Alabama, in the Oak Grove Coal Degasification Field, and requiring the operation of said Unit Area as a single Unit in order to avoid the drilling of unnecessary wells, increase the efficiency of operations and enhance the ultimate recovery of coalbed methane gas from the Unitized Formation, as hereinafter defined, and avoid waste.

The "Unitized Formation" is to be designated as the Pottsville Coal Interval underlying the Unit Area, and is defined as the productive coal seams found between the depths of 522 feet and 1,930 feet as encountered in the Shelby Belcher 26-05-562 Well, Permit No. 15912-C, located in Section

26, Township 19 South, Range 6 West, Jefferson County, Alabama, as indicated on the Gamma Ray High Resolution Density Log for said well, and all zones in communication therewith and all productive extensions thereof, including any coal seam stringer that might occur within a depth of either 80 feet above or 80 feet below the Pottsville Coal Interval, and including those coal seams which can be correlated therewith.

Petitioner further seeks approval of the Unit Agreement and Unit Operating Agreement, as ratified, in accordance with Section 9-17-84, *Code of Alabama* (1975), and approval of the amendments to the Special Field Rules for the Oak Grove Coal Degasification Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

Petitioner further seeks entry of an order unitizing, pooling and integrating the Unit Area, as underlain by the above defined unitized formation so as to require all owners or claimants of royalty, overriding royalty, mineral, and leasehold interests within the Unit Area to unitize, pool and integrate their interests and develop their lands or interests as a Unit, and designating Black Warrior Methane Corp. as Operator of the Unit Area in accordance with the laws of Alabama.

The proposed Unit Area, to be designated Unit VI-A, containing approximately 520 acres, more or less, consists of the following described parcels located in Jefferson County, Alabama:

Northwest Quarter of Northeast Quarter, Northeast Quarter of Northwest Quarter, Southeast Quarter of Northwest Quarter of Northwest Quarter, Northeast Quarter of Northeast Quarter, Southwest Quarter of Northeast Quarter, Southeast Quarter of Northwest Quarter, East Half of Southwest Quarter of Northwest Quarter, Southwest Quarter of Southwest Quarter of Northwest Quarter, North Half of Southwest Quarter, and Southwest Quarter of Southwest Quarter, All in Section 26; Southeast Quarter of Southeast Quarter, Southeast Quarter of Southeast Quarter of Northeast Quarter, Northeast Quarter of Southeast Quarter, Southeast Quarter of Northwest Quarter of Southeast Quarter, and East Half of Southwest Quarter of Southeast Quarter of Section 27, and Northeast Quarter of Northeast Quarter of Section 34, all in Township 19 South, Range 6 West.

BOARD ACTION: CONTINUED, 12/13/2012.

16. DOCKET NO. 12-11-12-07

Petition by PRUET PRODUCTION CO., 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, with imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced from Smackover and Norphlet Formations from the proposed Graham 5-16 #1 Well to be drilled on a 160-acre drilling unit consisting of the South Half of the Northwest Quarter of Southwest Quarter and the Southwest Quarter of Southwest Quarter of Section 4; the South Half of Northeast Quarter of Southeast Quarter and the Southeast Quarter of Southeast Quarter of Section 5; the North Half of Northeast Quarter of Northeast Quarter of Section 8; and the North Half of the Northwest Quarter of Northwest Quarter of Section 9, all in Township 10 North, Range 3 West, Choctaw County, Alabama, to be drilled as a productive extension of the Little Mill Field.

This petition is filed as a companion to a petition bearing Docket No. 12-11-12-08 requesting approval of a 160-acre drilling unit for the proposed Graham 5-16 #1 Well in accordance with Rule 3(a) of the Special Field Rules for the Little Mill 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, 12/13/2012.

ORDER NO.: 2012-102.

17. DOCKET NO. 12-11-12-08

Petition by PRUET PRODUCTION CO., 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 160-acre drilling unit for the Graham 5-16 #1 Well consisting of the South Half of the Northwest Quarter of Southwest Quarter and the Southwest Quarter of Southwest Quarter of Section 4; the South Half of Northeast Quarter of Southeast Quarter and the Southeast Quarter of Southeast Quarter of Section 5; the North Half of Northeast Quarter of Northeast Quarter of Section 8; and the North Half of the Northwest Quarter of Northwest Quarter of Section 9, all in Township 10 North, Range 3 West, Choctaw County, Alabama, as a productive extension of the Little Mill Creek Field, in accordance with Rule 3(a) of the Special Field Rules for said Field, which provides that wells in said Field shall be drilled on drilling units containing approximately 160 contiguous acres.

This petition is filed as a companion to a petition bearing Docket No. 12-11-12-07 requesting the forced pooling, with imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced from Smackover and Norphlet Formations from the proposed Graham 5-16 #1 Well.

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

BOARD ACTION: GRANTED, 12/13/2012.

ORDER NO.: 2012-103.

18. DOCKET NO. 12-11-12-09

Petition by PRUET PRODUCTION CO., 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 imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced from Petitioner's proposed Cedar Creek Land & Timber 33-2, 4-13 Well to be drilled on a 160-acre wildcat drilling unit consisting of the Northeast Quarter of Section 33, Township 4 North, Range 13 East, Conecuh County, Alabama.

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 TO SPECIAL HEARING ON DECEMBER 19, 2012, 12/13/2012.

19. DOCKET NO. 12-11-12-10

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order pursuant to Sections 9-17-1 through 9-17-33 and 9-17-80 through 9-17-88, *Code of Alabama* (1975) approving and establishing a partial field-wide Unit, to be known as Unit VI-B for the production of coalbed methane gas from Gob and Horizontal wells only from a previously underground mining area consisting of the hereinafter described "Unit Area" in the Oak Grove Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, and requiring the operation of said Unit Area as a single Unit for the production of coalbed methane gas produced from Gob and Horizontal wells in order to avoid the drilling of unnecessary wells, increase the ultimate recovery of coalbed methane gas from underground mined areas by and through enhanced recovery methods from the Unitized Formation, as hereinafter defined, and avoid waste.

The "Unitized Formation" is to be designated as the Pottsville Coal Interval productive of coalbed methane gas by and through Gob and Horizontal wells only and excluding coalbed methane gas productive by and through vertical wells underlying the Unit Area, and is defined as the productive coal seams found between the depths of 440 feet and 2,059 feet as encountered in the USS-03-19-06-17-01-9061 Well, Permit No. 12871-C, located in Section 17, Township 19 South, Range 6 West, Jefferson County, Alabama, as indicated on the Gamma Ray High Resolution Density Log for said well, and all zones in communication therewith and all productive extensions thereof, including any coal seam stringer that might occur within a depth of either 80 feet above or 80 feet below the Pottsville Coal Interval, and including those coal seams which can be correlated therewith and that can be developed and produced only through Gob and Horizontal wells.

Petitioner further seeks approval of the Unit Agreement and Unit Operating Agreement, as ratified, in accordance with Section 9-17-84, *Code of Alabama* (1975), and approval of the amendments to the Special Field Rules for the Oak Grove Coal Degasification Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

Petitioner further seeks entry of an order unitizing, pooling and integrating the Unit Area, as underlain by the above defined Unitized Formation so as to require all owners or claimants of royalty, overriding royalty, mineral, and leasehold interests within the Unit Area in the Gob and Horizontal wells to unitize, pool and integrate their interests and develop their lands or interests as a Unit, and designating Black Warrior Methane Corp. as Operator of the Unit Area in accordance with the laws of Alabama.

The proposed Unit Area, to be designated Unit VI-B, containing approximately 12,080 acres, more or less, consists of the following described parcels located in Jefferson and Tuscaloosa Counties, Alabama:

JEFFERSON COUNTY:

Township 18 South, Range 6 West

All of Section 31; Southwest Quarter and Southwest Quarter of Northwest Quarter of Section 32

Township 19 South, Range 6 West

West Half; West Half of East Half; Southeast Quarter of Northeast Quarter and Northeast Quarter of Southeast Quarter of Section 5; All of Sections 6 and 7; West Half and West Half of Southeast Quarter of Section 8; West Half of West Half of Section 16; All of Sections 17, 18, 19 and 20; West Half, Southeast Quarter and Southwest Quarter of Northeast Quarter of Section 21; Southwest Quarter of Southwest Quarter of Section 22; West Half of Section 27; All of Sections 28 and 29; North Half of Section 30; North Half of Section 32; All of Section 33, less and except Southeast Quarter of Southeast Quarter; Northwest Quarter of Section 34

Township 19 South, Range 7 West

All of Sections 1, 12 and 13

TUSCALOOSA COUNTY:

Township 19 South, Range 6 West

East Half and East Half of West Half of Section 31 and South Half of Section 32.

BOARD ACTION: CONTINUED, 12/13/2012.

20. DOCKET NO. 12-11-12-11A

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order pursuant to Sections 9-17-1 through 9-17-33 and 9-17-80 through 9-17-88, *Code of Alabama* (1975) approving and establishing a partial field-wide Unit, to be known as Unit VI-C for the production of coalbed methane gas from Gob and Horizontal wells only from a previously underground mining area consisting of the hereinafter described "Unit Area" in the Oak Grove Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, and requiring the operation of said Unit Area as a single Unit for the production of coalbed methane gas produced from Gob and Horizontal wells in order to avoid the drilling of unnecessary wells, increase the ultimate recovery of coalbed methane gas from underground mined areas by and through enhanced recovery methods from the Unitized Formation, as hereinafter defined, and avoid waste.

The "Unitized Formation" is to be designated as the Pottsville Coal Interval productive of coalbed methane gas by and through Gob and Horizontal wells only and excluding coalbed methane gas productive by and through vertical wells underlying the Unit Area, and is defined as the productive coal seams found between the depths of 421 feet and 1,969 feet as encountered in the UA 04-19-07-02-12-9134 Well, Permit No. 13829-C, located in Section 2,

Township 19 South, Range 7 West, Jefferson County, Alabama, as indicated on the Gamma Ray High Resolution Density Log for said well, and all zones in communication therewith and all productive extensions thereof, including any coal seam stringer that might occur within a depth of either 80 feet above or 80 feet below the Pottsville Coal Interval, and including those coal seams which can be correlated therewith.

Petitioner further seeks approval of the Unit Agreement and Unit Operating Agreement, as ratified, in accordance with Section 9-17-84, *Code of Alabama* (1975), and approval of the amendments to the Special Field Rules for the Oak Grove Coal Degasification Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

Petitioner further seeks entry of an order unitizing, pooling and integrating the Unit Area, as underlain by the above defined Unitized Formation so as to require all owners or claimants of royalty, overriding royalty, mineral, and leasehold interests within the Unit Area in the Gob and Horizontal wells to unitize, pool and integrate their interests and develop their lands or interests as a Unit, and designating Black Warrior Methane Corp. as Operator of the Unit Area in accordance with the laws of Alabama.

The proposed Unit Area, to be designated Unit VI-C, containing approximately 4,240 acres, more or less, consists of the following described parcels located in Tuscaloosa and Jefferson Counties, Alabama:

JEFFERSON COUNTY:

Township 19 South, Range 7 West

All of Section 2; East Half of Southeast Quarter of Section 3 and all of Section 11

TUSCALOOSA COUNTY:

Township 19 South, Range 7 West

Southwest Quarter and West Half of Southeast Quarter of Section 3; Southeast Quarter of Section 4; all of Sections 8 and 9; West Half, Northeast Quarter and East Half of Southeast Quarter of Section 10; all of Section 14.

BOARD ACTION: CONTINUED, 12/13/2012.

21. DOCKET NO. 12-11-12-12

Petition by JL RESOURCES, LLC, a foreign limited liability company, 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 an exceptional 80-acre drilling unit for the proposed Loblolly Ridge, LLC 6-1 No. 1 Well, said exceptional 80-acre drilling unit to consist of the East Half of the Northeast Quarter of the Northeast Quarter and the East Half of the Southeast Quarter of the Northeast Quarter of Section 6 and the West Half of the Northwest Quarter of the Northwest Quarter and the West Half of the Southwest Quarter of the Northwest Quarter of Section 5, Township 11 North, Range 4 West, in the Okatuppa Creek Field, Choctaw County, Alabama.

The proposed drilling unit is an exception to Rule 3 of the Special Field Rules for the West Okatuppa Creek Field that requires all such wells to be located on drilling units consisting of two governmental quarter quarter sections.

BOARD ACTION: DISMISSED WITHOUT PREJUDICE, 12/13/2012.

ORDER NO: 2012-104.

22. DOCKET NO. 12-11-12-13

Petition by FLETCHER PETROLEUM CORP., a domestic 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 pursuant to Ala. Code § 9-17-1, *et seq.* (and in particular, Ala. Code § 9-17-13) and *State Oil and Gas Board of Alabama Administrative Code* Rules 400-1, *et seq.* (and, in particular, Rules 400-7-1 and 400-7-2), (a) force pooling without risk compensation all tracts and interests in the NE ¼ of Section 26, Township 4 North, Range 12 East, Conecuh County, Alabama, as a 160-acre wildcat unit for the purpose of drilling a well to test formations down to and including the Smackover formation, ("the Unit") (b) requiring all owners of tracts and interests in the Unit to develop their tracts and interests as a unit, and (c) appointing petitioner as the operator of the Unit.

BOARD ACTION: CONTINUED TO SPECIAL HEARING ON DECEMBER 19, 2012, 12/13/2012.

23. DOCKET NO. 7-20-10-07

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting Operator, S. Lavon Evans Jr., Operating Co., Inc., to show cause why the following wells located in Tuscaloosa, Lamar, Pickens, and Jefferson Counties, 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.

The Board may consider, as a part of this Motion, that the proceeds from the surety bond be utilized to plug and abandon wells and restore well sites.

Failure of the operator to comply with the Board's rules, regulations, and orders may result in the Board's issuing fines or taking other sanctions against operator, S. Lavon Evans Jr., Operating Co., Inc.

County Line Field Well, Pickens Co.

Permit No.

Well Name

Location

11797	Holliman 36-10 #1	S36, T17S, R14W
11865	Williamson 1-1 #1	S1, T18S, R14W

Asbury Church Field, Lamar Co.

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
12974	Weyerhaeuser 33-15 #1	S33, T16S, R16W
12975	Weyerhaeuser 4-1 #1	S4, T17S, R16W
13260	Weyerhaeuser 3-7 #1	S3, T17S, R16W

SE Watson Field Wells, Lamar Co.

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
12548	Collins 12-11 #1	S12, T15S, R15W
12919	Gearn 14-1 #1	S14, T15S, R15W

Wiley Dome Field Wells, Lamar Co.

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
9986-A	Holman 34-10 #1	S34, T17S, R9W
13041	Holman 35-6 #1	S35, T17S, R9W
13042	Shepherd 35-16 #1	S35, T17S, R9W
13310-BH	Holman 34-10 #2	S34, T17S, R9W
13311	Alawest 34-13 #1	S34, T17S, R9W
13905	Earnest 26-14 #1	S26, T17S, R9W

Lamar County Wildcats

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
13640	Gartman 2-4 #1	S2, T17S, R16W

Tuscaloosa County Wildcats

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
13133	Earnest 26-15 #1	S26, T17S, R9W
13307	Christian 3-8 #1	S3, T18S, R9W
13384	Champion International 35-13 #1	S35, T17S, R9W
13387	Alawest 2-3 #1	S2, T18S, R9W
13388	Bane 36-14 #1	S36, T17S, R9W
13680	Bolton 1-4 #1A	S1, T18S, R9W
13710	Champion International 3-10 #1	S3, T18S, R9W
13711	Alawest 1-12 #2	S1, T18S, R9W

Jefferson County Wildcat

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
13389	U.S. Steel Corporation 21-13 #1	S21, T19S, R5W

BOARD ACTION: CONTINUED, 12/13/2012.

24. DOCKET NO. 8-26-08-25A

Continued amended MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting Operator, Block T Operating, LLC, to show cause why the following abandoned wells located in the Gilbertown 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.

Gilbertown 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
3469	Smith Trice #34-10	S34, T11N, R4W

(3469 TB)

(Smith Trice #34-10)

S34, T11N, R4W

Gilbertown Field Wells in the Gilbertown (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: DISMISSED, 12/13/2012.

ORDER NO.: 2012-105.