



STATE OIL AND GAS BOARD OF ALABAMA BOARD MEETING

The State Oil and Gas Board of Alabama held its regular hearing at 10:00 a.m. on Tuesday, September 13, 2016 and Thursday, September 15, 2016, 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. 09-13-16-01

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 approving revisions to the Mobile Bay Allocation and Metering Handbook (referred to as the "Blue Book") approved by the Board, for its offshore wells located in the Bon Secour Bay Unit, Bon Secour Bay Field-Lower Mobile Bay Area, Northwest Gulf Unit, Northwest Gulf Field-Mobile Area, North Central Gulf (Norphlet) Field Unit and Tract 114 (Norphlet) Unit, North Central Gulf Field-Mobile Area, Lower Mobile Bay-Mary Ann Field (Norphlet) Unit, Lower Mobile Bay-Mary Ann Field, Aloe Bay (Norphlet) Field Unit, and the South Pelican Island Field, all in Mobile and Baldwin Counties, Alabama, to: (1) eliminate text and diagrams relating to Plant consolidation; (2) eliminate all Legacy-operated wells in Mobile Bay and their associated impact on commingling and allocation models; (3) update text and diagrams to reflect current operations and metering; (4) update allocation models to reflect current production levels; and (5) insert the index of meters reflecting calibration frequencies approved by Board Order No. 2015-76 (Appendix page A7).

Petitioner further requests to amend the Special Field Rules for the Bon Secour Bay Field-Lower Mobile Bay Area, Northwest Gulf Field-Mobile Area, North Central Gulf Field-Mobile Area, Lower Mobile Bay-Mary Ann Field, Aloe Bay (Norphlet) Field Unit, and South Pelican Island Field, to incorporate therein and make a part thereof the revised Blue Book.

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

BOARD ACTION: Granted 9/15/2016

ORDER NO. 2016-044

2. DOCKET NO. 09-13-16-02

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order establishing a new gas field in Pickens County, Alabama, to be known as the East Magby Creek Field, or such other name as the Board deems proper, and to adopt Special Field Rules therefor. The proposed field is underlain by the Lewis Sand Gas Pool, and Petitioner proposes that the field limits consist of the South Half of Section 19, Township 18 South, Range 15 West, Pickens County, Alabama, as underlain by the Lewis Sand Gas Pool, as hereinafter defined, and all zones in communication therewith and all productive extensions thereof.

That the Lewis Sand Gas Pool in the proposed East Magby Creek Field should be defined as those strata productive of hydrocarbons between the interval of 5,862 feet and 5,872 feet as indicated on the Schlumberger Gamma Ray/Microlog for the Hydrick 19-13 #1 Well, Permit No. 17195, and all zones in communication therewith, all productive extensions thereof and all strata which can be correlated therewith. Said pool constitutes a separate and distinct gas producing pool in the proposed field.

This Petition is filed as a companion to a Petition bearing Docket No. 9-13-16-03 requesting approval of the exceptional bottom hole location of Hydrick 19-13 #1 Well on a 320-acre production unit in the proposed East Magby Creek Field as an exception to Rule 3(b) of the Special Field Rules for said Field.

This petition is filed pursuant to Rule 400-1-1-.07 of the State Oil and Gas Board of Alabama Administrative Code and Section 9-17-1 et seq. of the Code of Alabama (1975).

BOARD ACTION: Granted 9/15/2016

ORDER NO. 2016-045

3. DOCKET NO. 09-13-16-03

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving the exceptional bottom hole location of the Hydrick 19-13 #1 Well, Permit No. 17195, located on a 320-acre production unit in the proposed East Magby Creek Field consisting of the South Half of Section 19, Township 18 South, Range 15 West, Pickens County, Alabama, said bottom hole location being 612 feet from the West line and 670 feet from the South line of said 320-acre unit. Said location is an exception to Rule 3(b) of the Special Field rules for the proposed East Magby Creek Field, which provides that such wells be located at least 660 feet from every exterior boundary of the unit.

Petitioner has filed a companion petition bearing Docket No. 9-13-16-02 requesting the Board to enter an order establishing the East Magby Creek Field and approving the 320-acre wildcat drilling unit for the Hydrick 19-13 #1 Well as the permanent production unit for said well.

This petition is filed pursuant to Section 9-17-12(c) of the Code of Alabama (1975), as amended.

BOARD ACTION: Granted 9/15/2016

ORDER NO. 2016-045

4. DOCKET NO. 09-13-16-04

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 force pooling, with the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced from the Tuscaloosa, Cotton Valley, Smackover and Norphlet Formations from the proposed Craft-Dean 5-4 #1 Well to be drilled on a 40-acre wildcat drilling unit consisting of the Northwest Quarter of the Northwest Quarter of Section 5, Township 7 North, Range 5 East, Clarke County, Alabama.

This Petition is in accordance with Section 9-17-13 of the 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 9/15/2016

ORDER NO. 2016-046

5. DOCKET NO. 09-13-16-05

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 approving an exceptional non-governmental 40-acre wildcat drilling unit for the Craft-Oswell 32-15 #1 Well consisting of the South Half of the Northwest Quarter of the Southeast Quarter and the North Half of the Southwest Quarter of the Southeast Quarter of Section 32, Township 6 North, Range 5 East, Clarke 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 such wells be drilled on units consisting of a governmental quarter-quarter section containing approximately 40 acres.

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

BOARD ACTION: Granted 9/15/2016

ORDER NO. 2016-047

6. DOCKET NO. 09-13-16-06

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

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

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

BOARD ACTION: Continued 9/15/2016

7. DOCKET NO. 09-13-16-07

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

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

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

BOARD ACTION: Continued 9/15/2016

8. DOCKET NO. 09-13-16-08

Petition by SKLAR EXPLORATION COMPANY L.L.C., a Louisiana limited liability company, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama ("the Board") to enter an order pursuant to Sections 9-17-80 through 9-17-88, Code of Alabama (1975), approving a change in the Plan of Operations for the Little Cedar Creek Oil Unit II, as heretofore approved by the Board in 2014 in Orders Nos. 2014-23 and 2014-43, so as to specifically authorize water injection operations as an additional method of enhanced recovery operations supplementing the previously approved gas injection operations and so as to otherwise update the language of the Plan. The Little Cedar Creek Oil Unit II includes the following property: The Unit Area for the Little Cedar Creek Oil Unit II is comprised of the following described property:

Township 5 North, Range 13 East

Section 32: Southeast Quarter of Southeast Quarter of Southeast Quarter and South Half of Southwest Quarter of Southeast Quarter of Southeast Quarter

Section 33: South Half

Township 4 North, Range 13 East

Section 4: North Half and Southwest Quarter and West Half of Northwest Quarter of Southeast Quarter

Section 5: All

Section 7: Northeast Quarter

Section 8: North Half and Southwest Quarter and four acre square in the Northwest Corner of Southeast Quarter

Section 9: North Half of Northwest Quarter of Northwest Quarter

Section 17: Northwest Quarter of Northwest Quarter of Northwest Quarter

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

BOARD ACTION: Granted with the Stipulation that the Unit Operator shall submit quarterly written reports to the Supervisor for one year from the date of this order describing the enhanced recovery operations being conducted by the Unit Operator. 9/15/2016

ORDER NO. 2016-48

9. DOCKET NO. 09-13-16-09

Petition by SPOONER PETROLEUM COMPANY, 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, with the imposition of a risk compensation penalty, all tracts and interest in hydrocarbons produced from the Smackover formation from the proposed O'Neal 5-6 No. 1 Well to be drilled on a 40-acre wildcat drilling unit consisting of the Southeast Quarter of the Northwest Quarter of Section 5, Township 13 North, Range 3 West, Choctaw 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 9/15/2016

ORDER NO. 2016-049

10. DOCKET NO. 09-13-16-10

Petition by Mississippi Resources, LLC dba MSR Operating, LLC, 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., ALABAMA CODE and Rule 400-1-4-.17 of the State Oil and Gas Board of Alabama Administrative Code, extending the temporarily abandoned status of Chatom Unit #1-2 Well, Permit No. 2235, the Chatom Unit #3-2 Well, Permit No. 3938, the Chatom Unit 20-1 #1-05 Well, Permit No. 7200, the Chatom Unit #1-G01 Well, Permit No. 1543, the Chatom Unit #1-G3 Well, Permit No. 2354, and the Chatom Unit 21-15 #3-03, Permit No. 5355, all located in the Chatom Unit, Chatom Field in Washington County, Alabama.

BOARD ACTION: Granted 9/15/2016

ORDER NO. 2016-050

11. DOCKET NO. 09-13-16-11

Petition by Mississippi Resources, LLC dba MSR Operating, LLC, 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., ALABAMA CODE and Rule 400-1-4-.17 of the State Oil and Gas Board of Alabama Administrative Code, extending the temporarily abandoned status of Scott "A" 33-1 #1 Well, Permit No. 5100 located in the Southeast Chatom Unit, Southeast Chatom Field in Washington County, Alabama.

BOARD ACTION: Granted 9/15/2016

ORDER NO. 2016-051

12. DOCKET NO. 08-02-16-01

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

BOARD ACTION: Continued 9/15/2016