

RESULTS
STATE OIL AND GAS BOARD OF ALABAMA
BOARD MEETING
OCTOBER 5, 2007

1. 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 10-5-07

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

Continued 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 10-5-07

3. DOCKET NO. 2-28-07-32

Continued petition by NATURAL GAS & OIL, 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 formations of Mississippian and Pennsylvanian Age, from a well to be drilled on a 320-acre drilling unit consisting of the South Half of Section 14, Township 16 South, Range 15 West, Lamar County, Alabama, as a productive extension of the Mt. Zion 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 10-5-07

4. DOCKET NO. 4-11-07-21

Continued petition by HOLLAND OPERATING CO., INC., 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 "Moundville Unit I," consisting of the hereinafter described "Unit Area" in the Moundville Coal Degasification Field, Tuscaloosa, Hale and Greene Counties, Alabama, and requiring the operating of said Unit Area as a single unit in order to avoid the drilling of unnecessary wells, increase the efficiency of operations and improve 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, the productive interval of which is found between the depths of 500 feet and 5,000 feet as encountered in the Tubbs 9-1-73-4173 Well, Permit No. 7540-C, located in the Northeast Quarter of Section 9, Township 23 North, Range 5 East, Hale County, Alabama, as indicated on the density log of 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, as defined in said wells, 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 Moundville 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 Holland Operating Co., Inc. as Operator of the Unit Area in accordance with the laws of Alabama. The proposed Unit Area, to be designated Moundville Unit I, containing approximately 160 acres, consists of the following described parcels in Hale County, Alabama: East Half of the Northeast Quarter of Section 9 and the West Half of the Northwest Quarter of Section 10, all in Township 23 North, Range 5 East.

BOARD ACTION: Dismissed 10-5-07
ORDER NO. 2007-146

5. DOCKET NO. 4-11-07-27

Continued petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving a proposed 320-acre exceptional wildcat drilling unit for the Floyd Anderson 20-14 #1 Well consisting of the West Half of Section 20, Township 14 South, Range 3 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 be drilled on a drilling unit consisting of a governmental quarter-quarter section consisting of approximately 40 acres.

This petition is filed as a companion to a petition bearing Docket No. 4-11-07-28 requesting force pooling without imposition of a risk compensation penalty.

BOARD ACTION: Continued 10-5-07

6. DOCKET NO. 6-25-07-5A

Continued amended petition by BLACK WARRIOR METHANE CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board, pursuant to Rule 400-3-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code, to enter an order extending the temporarily abandoned status for certain wells in the Brookwood Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, in the following areas, for a period of one (1) year:

Township 19 South, Range 6 West, Tuscaloosa County
Section 31

Township 19 South, Range 7 West, Tuscaloosa County
Sections 31, 32, 33, 34 and 35

Township 19 South, Range 8 West, Tuscaloosa County
Sections 25, 26, 27, 33 and 35

Township 20 South, Range 6 West, Tuscaloosa County
Sections 6 and 7

Township 20 South, Range 7 West, Tuscaloosa County
Sections 1, 3, 4, 7, 9, 10, 12, 15, 16, 17, 21 and 28

Township 20 South, Range 8 West, Tuscaloosa County
Sections 3, 4, 10, 13, 14, 15, 23 and 24

The previously granted temporarily abandoned status expires on June 27, 2007, and Petitioner is requesting this Board to grant a one year extension of the temporarily abandoned status beginning June 27, 2007, because all of the wells in the aforementioned Sections have future utility and should not be plugged.

BOARD ACTION: Continued 10-5-07 with the stipulation that the temporarily abandoned status for the wells be continued until the next regularly scheduled meeting of the Board.

7. DOCKET NO. 6-25-07-13

Continued 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, with risk compensation all tracts and interests in a 40 acre drilling unit for the proposed Calmes 02-05-554 Well, having a unit consisting of all of the Southwest Quarter of the Northwest Quarter, Section 2, Township 17 South, Range 8 West, Walker 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: Continued 10-5-07

8. DOCKET NO. 8-2-07-6

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 re-entry of the Mattie Clark #1 Well, Permit No. 1280, located on a 40-acre unit consisting of the Northwest Quarter of the Southeast Quarter of Section 1, 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 10-5-07

9. DOCKET NO. 9-5-07-5

Continued petition by SUNDOWN ENERGY, L.P., a foreign limited partnership authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving the reformation of a 40-acre wildcat drilling unit for the Weyerhaeuser 36-12 No. 1 Well, Permit No. 15312, consisting of the Northwest Quarter of the Southwest Quarter of Section 36, Township 16 South, Range 16 West, Lamar County, Alabama, to a 320-acre production unit in the McGee Lake Field consisting of the South Half of Section 36, Township 16 South, Range 16 West, Lamar County, Alabama.

This petition is filed as a companion to a petition bearing Docket No. 9-5-07-06 requesting approval of an exceptional location for the referenced well.

BOARD ACTION: Continued 10-5-07

10. DOCKET NO. 9-5-07-6

Continued petition by SUNDOWN ENERGY, L.P., a foreign limited partnership 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 Weyerhaeuser 36-12 No. 1 Well, Permit No. 15312, on a proposed reformed 320-acre production unit consisting of the South Half of Section 36, Township 16 South, Range 16 West, Lamar County, Alabama, in the McGee Lake Field, as an exception to Rule 3(b) of the Special Field Rules for said Field which requires that wells be located at least 660 feet from every exterior boundary of the drilling unit. The location of the referenced well on said proposed reformed 320-acre unit is 910 feet from the North line and 330 feet from the West line of said 320-acre unit and, as such, will be an exception to said Rule 3(b).

This petition is filed as a companion to a petition bearing Docket No. 9-5-07-05 requesting approval of the reformation of a 40-acre wildcat drilling unit for the referenced

BOARD ACTION: Continued 10-5-07

11. DOCKET NO. 9-5-07-12

Continued petition by BLACK WARRIOR METHANE CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving an exceptional location for the proposed RGGGS 22-08-02 gob well, as an exception to Rule 4B of the Special Field Rules for the Oak Grove Coal Degasification Field. Petitioner proposes to drill said gob well on a 40-acre unit consisting of Southeast Quarter of the Northeast Quarter of Section 22, Township 19 South, Range 8 West, Tuscaloosa County, Alabama, at a location 2,504 feet from the North line and 208 feet from the East line of said Section 22. At said location, the well will be only 208 feet from the exterior boundary of the Field, and Rule 4B of the Special Field Rules for said Field requires that wells be at least 300 feet from every exterior boundary of the Field.

BOARD ACTION: Granted 10-5-07

ORDER NO. 2007-137

12. DOCKET NO. 10-3-07-1

Petition by DENBURY ONSHORE, 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, pursuant to Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code, to enter an order approving the temporarily abandoned status and pursuant to Rule 400-4-2-.01(5) of the State Oil and Gas Board of Alabama Administrative Code to enter an order approving the extension of the Class II injection permits with the approvals applying to certain wells located in the Citronelle Field, Mobile County, Alabama, in the following areas for a period of one (1) year:

Citronelle Unit

Township 2 North, Range 3 West
Sections 21, 22, 23, 24, 25, 26, 27, 28, 33, 34, 35, 36

Township 2 North, Range 2 West
Sections 17, 18, 19, 20, 29, 30, 31

Township 1 North, Range 3 West
Sections 1, 2, 3, 10, 11, 12, 13, 14

Township 1 North, Range 2 West
Sections 5, 6, 7, 8, 9, 16, 17, 18

Southeast Citronelle Unit

Township 1 North, Range 2 West
Sections 4, 5, 8, 9, 10

Township 2 North, Range 2 West
Sections 32 and 33

East Citronelle Unit

Township 1 North, Range 2 West
Section 6

Township 2 North, Range 2 West
Sections 29, 31, 32

BOARD ACTION: Continued 10-5-07 with the stipulation that the temporarily abandoned status for the wells and the Class II injection permits be extended until the next regularly scheduled meeting of the Board.

13. DOCKET NO. 10-3-07-2A

Amended petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving an amendment to Rule 4 A(1) of the Special Field Rules for the Oak Grove Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, to designate the following described parcels located in Tuscaloosa County, Alabama, as additional areas subject to underground mining in said Field:

Township 19 South, Range 7 West

Sections 16 and 17

Township 19 South, Range 8 West

Sections 9, 14, 16, East Half of 17, 20, and the Northeast Quarter and South Half of 22.

BOARD ACTION: Granted 10-5-07

ORDER NO. 2007-138

14. DOCKET NO. 10-3-07-3

Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Jolen 34-10-690 Well, Permit No. 13914-C, from a 40-acre unit consisting of the Northwest Quarter of the Southeast Quarter of Section 34, Township 17 South, Range 10 West, Tuscaloosa County, Alabama, in

the Blue Creek Coal Degasification Field to an 80-acre unit consisting of the North Half of the Southeast Quarter of said Section 34.

BOARD ACTION: Granted 10-5-07
ORDER NO. 2007-139

15. DOCKET NO. 10-3-07-4

Petition by DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Jolen 12-09-711 Well, Permit No. 14240-C, from an 80-acre unit consisting of the East Half of the Southeast Quarter of Section 12, Township 18 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 Southeast Quarter of said Section 12.

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: Granted 10-5-07
ORDER NO. 2007-140

16. DOCKET NO. 10-3-07-5

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 Brewer #11-8-511 Well, Permit No. 9927-C, from an 80-acre unit consisting of the South Half of the Northeast Quarter of Section 11, Township 22 South, Range 12 West, Tuscaloosa County, Alabama, in the Robinson's Bend Coal Degasification Field to a 40-acre unit consisting of the Southeast Quarter of the Northeast Quarter of said Section 11.

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: Continued 10-5-07

17. DOCKET NO. 10-3-07-6A

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 Baggett #19-9-219 Well, Permit No. 8244-C, from an 80-acre unit consisting of the East Half of the Southeast Quarter of Section 19, 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 Southeast Quarter of said Section 19.

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: Granted 10-5-07
ORDER NO. 2007-141

18. DOCKET NO. 10-3-07-7

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 Gulf States Paper #7-14-53 Well, Permit No. 7667-C, from an 80-acre unit consisting of the South Half of the Southwest Quarter of Section 7, Township 22 South, Range 11 West, Tuscaloosa County, Alabama, in the Robinson's Bend Coal Degasification Field to a 40-acre unit consisting of the Southeast Quarter of the Southwest Quarter of said Section 7.

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: Granted 10-5-07
ORDER NO. 2007-142

19. DOCKET NO. 10-3-07-8

Petition by ESCAMBIA OPERATING CO., 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 review the amount of surety required for wells and facilities operated by Petitioner in Alabama as ordered by the Board in Order No. 2006-146 issued on September 21, 2006.

BOARD ACTION: Continued 10-5-07

20. DOCKET NO. 10-3-07-9

Petition by JIM WALTER RESOURCES, 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 JWR 28-05-02 Well, Permit No. 14971, consisting of the Southwest Quarter of the Northwest Quarter of Section 28, Township 20 South, Range 7 West, Tuscaloosa County, Alabama, to a 320-acre wildcat unit consisting of the West Half of said Section 28, in accordance with Rule 400-1-2-.02(2)(c) of the *State Oil and Gas Board of Alabama Administrative Code*. Petitioner intends to drill a horizontal well on this 320-acre wildcat drilling unit.

This petition is filed as a companion to a petition bearing Docket No. 10-3-07-10 requesting approval of an exceptional location of the JWR 28-05-02 Well on the proposed reformed 320-acre unit.

BOARD ACTION: Granted 10-5-07

ORDER NO. 2007-143

21. DOCKET NO. 10-3-07-10

Petition by JIM WALTER RESOURCES, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving the exceptional location of the JWR 28-05-02 Well, Permit No. 14971, on a proposed reformed 320-acre wildcat drilling unit consisting of the West Half of Section 28, Township 20 South, Range 7 West, Tuscaloosa County, Alabama, as an exception to Rule 400-1-2-.02(2)(c) of the *State Oil and Gas Board of Alabama Administrative Code*. Said Rule requires that wells drilled on 320-acre units be located at least 660 feet from every exterior boundary of the drilling unit, and the location of the referenced well on the proposed reformed 320-acre unit is 2,249 feet from the North line and 634 feet from the West line of said 320-acre unit and, as such, is an exception to said Rule.

This petition is filed as a companion to a petition bearing Docket No. 10-3-07-9 requesting approval of the reformation of the 40-acre wildcat drilling unit for the referenced well to a 320-acre unit.

BOARD ACTION: Granted 10-5-07

ORDER NO. 2007-144

22. DOCKET NO. 10-3-07-11

Petition by SKLAR EXPLORATION COMPANY, LLC requesting that the State Oil and Gas Board of Alabama enter an order (a) force pooling, with a risk compensation fee, all tracts and interests in the Southeast Quarter of Section 5, Township 4 North, Range 13 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 Norphlet formation, (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 *Ala. Code* §§ 9-17-1, *et seq.* (and, in particular, § 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 10-5-07

ORDER NO. 2007-145

23. 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 10-5-07

24. 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 |
| 1338 | Mattie Clark #3 | S1, T10N, R3W |
| 10416 (1343 TB) | Mattie E. Clark #1-6 (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 | S1, T10N, R3W |

BOARD ACTION: Continued 10-5-07

25. DOCKET NO. 8-2-07-7

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting Operator, Cedarhill Operating Co., L.L.C., to show cause why the following abandoned wells located in the Gilbertown Field and Bucatunna Creek 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 and Tank Batteries

| <u>Permit No.</u> (Tank Battery No.) | <u>Well Name</u> (Tank Battery) | <u>Location</u> |
|---|--|----------------------------------|
| 11476 (11476 TB) | Boney 33-8 #1 (Boney 33-8 #1) | S33, T11N, R4W S33, T11N, R4W |
| 3038 | Bonner Merritt #35-5 | S35, T11N, R5W |
| 3078 | Davis #34-8 | S34, T11N, R5W |
| 3470 | Merritt #34-1 | S34, T11N, R5W |
| 4241 (3038 TB) | Land et al 34-2 #2 (Bonner Merritt #35-5) | S34, T11N, R5W S34, T11N, R5W |
| 11464 (11464 TB) | Merritt 35-4 #1 (Merritt 35-4 #1) | S35, T11N, R5W S35, T11N, R5W |
| 2862-AB | Land Brothers 36-5 #2 | S36, T11N, R5W |

| | | |
|--------------|-------------------------|----------------|
| 2930-AB | Land 36-6 #1 | S36, T11N, R5W |
| 13646-BH | Davis 35-7 #1 | S35, T11N, R5W |
| 13755-BH | Triad 36-7 #1 | S36, T11N, R5W |
| (2862-AB TB) | (Land Brothers 36-5 #2) | S36, T11N, R5W |

Bucatunna Creek Underground Injection Control Well

| | | |
|-----------------|-----------------|----------------|
| 2753-B-SWD-80-1 | Johnson 14-14#1 | S14, T11N, R5W |
|-----------------|-----------------|----------------|

BOARD ACTION: Continued 10-5-07

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

Continued MOTION FOR REHEARING by LOWER 15 OIL CORPORATION, pursuant to the Alabama Administrative Procedure Act, Section 42-22-1 et seq. of the Code of Alabama (1975) requesting that the Board, upon rehearing, will modify or set aside its order related to its decision entered as Order No. 2007-97 on June 15, 2007, regarding a petition by Lower 15 Oil Corporation. The application for rehearing relates to the petition bearing the docket number set forth hereinabove.

BOARD ACTION: Continued 10-5-07

27. DOCKET NO. 10-3-07-12

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA for Operator, ENERGY RECOVERY GROUP., to show cause why the wells described hereinbelow located in the Baldwin, Covington, Conecuh, Mobile and Walker Counties, Alabama, should not be found in violation of Rule 400-1-6-.10 of the *State Oil and Gas Board of Alabama Administrative Code* relating to Site Maintenance and Rule 400-1-10-.01 of the *State Oil and Gas Board of Alabama Administrative Code* relating to Reports. Further pursuant to this Motion the Operator shall show cause why the wells 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 production facility 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.

Baldwin County Wells

| <u>Permit No</u> | <u>Well Name</u> | <u>Location</u> | <u>Field</u> |
|------------------|------------------|---------------------------|-----------------------|
| 4548 | | Gulf State Park 7-13 #1 | S7, T9S, R5E |
| 5791 | | Smith et al Unit 38 #1 | S38, T8S, R4E |
| 6435 | | Dora Hand et al 32 #1 | S32, T8S, R3E |
| 10036 | | Magnolia Land Co. 35-2 #1 | S35, T7S, R3E |
| 10037 | | Burnett 37 #1 | S37, T8S, R4E |
| 12325 | | Flowers Stewart 18-8 | S18, T8S, R4E |
| | | | Gulf State Park |
| | | | Swifts Landing |
| | | | South Weeks Bay |
| | | | East Magnolia Springs |
| | | | Oak |
| | | | Pleasant View |

Covington County Wells

| <u>Permit No.</u> | <u>Well Name</u> | <u>Location</u> | <u>Field</u> |
|-------------------|------------------|----------------------------|----------------------|
| 6239 | | Paramount-Jeffers 17-9 #1 | S17, T1N, R14E |
| 8788 | | Paramount-Federal 16-14 #1 | S16, T1N, R14E |
| 9950- | | Paramount- Federal 21-1 #1 | S21, T1N, R14E |
| SWD-91-12 | | | West Falco |
| 10489 | | Smak-Dixon 31-6 #1 | S31, T3N, R15E |
| 10632 | | Smak-Dixon 31-11 #1 | S31, T3N, R15E |
| 10735-B | | Smak-Dixon 31-10 #1 | S31, T3N, R15E |
| 10874 | | Smak-Dixon 31-7 #1 | S31, T3N, R15E |
| 11023- | | Smak-Dixon 31-10 SWD #1 | S31, T3N, R15E |
| SWD-96-2 | | | Pleasant Home |
| 11096-B | | Smak-Murphy 13-4#1 | S13, T3N, R14E |
| | | | Pleasant Home |
| | | | Pleasant Home |
| | | | Pleasant Home |
| | | | Pleasant Home |
| | | | South Copeland Creek |

Conecuh County Well

| <u>Permit No.</u> | <u>Well Name</u> | <u>Location</u> | <u>Field</u> |
|-------------------|------------------|------------------------|---------------------------------|
| 12049-B | | D. W. McMillan 31-15#1 | S31, T4N, R10E Juniper Creek |

Mobile County Well

| <u>Permit No.</u> | <u>Well Name</u> | <u>Location</u> | <u>Field</u> |
|-------------------|------------------|----------------------------|------------------------------|
| 4412-A | | R. J. Newman et al 21-11#1 | S21, T1S, R1W Turnerville |

Walker County Well

| <u>Permit No.</u> | <u>Well Name</u> | <u>Location</u> | <u>Field</u> |
|-------------------|------------------------|-----------------|--------------|
| 3246 | U. S. Steel 17-14#1 | S17, T13S, R10W | Eldridge |
| 5131 | McPoland et al 7-16#1 | S7, T13S, R10W | Eldridge |
| 5132 | McPoland et al 8-13#1 | S8, T13S, R10W | Eldridge |
| 5283 | McPoland et al 8-7#1 | S8, T13S, R10W | Eldridge |
| 5539 | U. S. Steel 8-10#1 | S8, T13S, R10W | Eldridge |
| 5622 | U. S. Steel 9-12#1 | S9, T13S, R10W | Eldridge |
| 5916 | Gordon Davis 17-12#1 | S17, T13S, R10W | Eldridge |
| 6254 | McPoland et al 18-16#1 | S18, T13S, R10W | Eldridge |
| 6310 | U. S. Steel 20-4#1 | S20, T13S, R10W | Eldridge |
| 6355 | Calvin 19-2#1 | S19, T13S, R10W | Eldridge |
| 6388 | Aultman 18-6#1 | S18, T13S, R10W | Eldridge |
| 6972 | U. S. Steel 19-10#1 | S19, T13S, R10W | Eldridge |

Also, pursuant to this Motion the Operator shall show cause why these two plugged and abandoned wells, the Thomas W. Walters et al Unit 13-10#1 Well, Permit No. 4758, and the Brantley et al Unit 32-13 #1 Well, Permit No. 5266, both of which were located in Baldwin County should not be found in violation of Rule 400-1-4-.15 of the *State Oil and Gas Board of Alabama Administrative Code* relating to Report of Well Plugging. Failure to comply with the Board's rules and regulations may result in the Board issuing fines or taking other sanctions against Operator, Energy Recovery Group. The Board may collect the proceeds of the well bond covering these wells and use the proceeds to plug and abandon wells and restore well locations.

BOARD ACTION: Continued 10-5-07