

RESULTS
STATE OIL AND GAS BOARD OF ALABAMA
BOARD MEETING
SEPTEMBER 30 & OCTOBER 2, 2008

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

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 Tusculumbia 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: Continued 10-2-08 to a Special Board Meeting on October 14, 2008, at 8:00 a.m. at the Board's office in Tuscaloosa, Alabama.

2. DOCKET NO. 6-16-08-6

Continued petition by SHELL OFFSHORE INC. ("Shell") a corporation authorized to do and doing business in the State of Alabama and Devon Energy Production Company, L.P. ("Devon"), an Oklahoma limited partnership, requesting the State Oil and Gas Board to grant approval of the commingling of State and federal natural gas streams. Devon is the operator of Mobile Area Block 826 OCS G-26176 Well Number 001, from which federal gas resources will be commingled with State gas resources originating from Shell's Fairway Field, Mobile County, Alabama. The point the commingling will occur will be the Mobile Bay Platform 113A, downstream of Shell's Fairway Field gas allocation meter. Petitioners aver that the processing of the federal gas resources will not change or affect Shell's current State allocation and reporting methodology. 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: Dismissed 10-2-08

ORDER NO. 2008-150

3. DOCKET NO. 7-29-08-1A

Continued 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 force pooling, with a risk compensation penalty, all tracts and interests in hydrocarbons produced from coalbeds in the Pottsville Formation in the Braughton 32-15-1159 Well to be drilled on a 40-acre unit consisting of the Southwest Quarter of the Southeast Quarter of Section 32, Township 18 South, Range 10 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field.

This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: Granted 10-2-08 (without risk compensation)

ORDER NO. 2008-151

4. DOCKET NO. 8-26-08-3

Continued 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 amending Rule 1 of the Special Field Rules for the Bluff Field to add Sections 7 and 18, Township 14 South, Range 13 West, Fayette County, Alabama to the field.

This petition is filed as a companion to a petition bearing Docket No. 8-26-08-4 requesting approval of an exceptional 320-acre unit for the Allman 17-4 #2 Well and a petition bearing Docket No. 8-26-08-5 requesting approval of an exceptional location for the referenced well on the above-described 320-acre drilling unit.

BOARD ACTION: Dismissed 10-2-08

ORDER NO. 2008-152

5. DOCKET NO. 8-26-08-4

Continued 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 a 320-acre drilling unit for the Allman 17-4 #2 Well consisting of the Northwest Quarter of Section 17 and the Northeast Quarter of Section 18, all in Township 14 South, Range 13 West, Fayette County, Alabama, in the Bluff Field, as an exception to Rule 3(a) of the Special Field Rules for said Field which provides that a well may be drilled on a drilling unit consisting of 320 contiguous surface acres in a north-south or east-west unit within governmental half sections.

This petition is filed as a companion to a petition bearing Docket No. 8-26-08-3 requesting an amendment to the Special Field Rules for the Bluff Field to add Sections 7 and 18, Township 14 South, Range 13 West, Fayette County, Alabama, to the field limits of said Field and a petition bearing Docket No. 8-26-08-5 requesting approval of an exceptional location for the referenced well on the above-described 320-acre drilling unit.

BOARD ACTION: Dismissed 10-2-08
ORDER NO. 2008-153

6. **DOCKET NO.** 8-26-08-5

Continued 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 Field, Fayette and Lamar Counties, Alabama. Petitioner proposes to drill said well on a 320-acre unit consisting of the Northwest Quarter of Section 17 and the Northeast Quarter of Section 18, all in Township 14 South, Range 13 West, Fayette County, Alabama, at a location 1,830 feet from the East 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.

This petition is filed as a companion to a petition bearing Docket No. 8-26-08-3 requesting an amendment to the Special Field Rules for the Bluff Field to add Sections 7 and 18, Township 14 South, Range 13 West, Fayette County, Alabama, to the field limits of said Field and a petition bearing Docket No. 8-26-08-4 requesting approval of an exceptional 320-acre unit for the Allman 17-4 #2 Well.

BOARD ACTION: Dismissed 10-2-08
ORDER NO. 2008-154

7. **DOCKET NO.** 8-26-08-7B

Continued 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 Tuscumbia or Millerella Sands.

BOARD ACTION: Continued 10-2-08 to a Special Board Meeting on October 14, 2008, at 8:00 a.m. at the Board's office in Tuscaloosa, Alabama.

8. **DOCKET NO.** 8-26-08-9

Continued petition by VENTEX OPERATING CORP., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order reforming the unit for the ATIC 17-4 No. 1 Well, Permit No. 15554-B, from a 40-acre wildcat drilling unit consisting of the Northwest Quarter of the Northwest Quarter of Section 17, Township 3 North, Range 7 East, Escambia County, Alabama, to a 160-acre unit consisting of the North Half of the Northwest Quarter of Section 17 and the South Half of the Southwest Quarter of Section 8, all in Township 3 North, Range 7 East, Escambia County, Alabama, in the Robinson Creek Field, as an exception to Rule 3(a) of the Special Field Rules for said Field which requires that wells be drilled on governmental quarter sections.

This petition is filed as a companion to a petition bearing Docket No. 8-26-08-10 requesting an amendment to Rule 1 of the Special Field Rules for the Robinson Creek Field to add the South Half of the Southwest Quarter of Section 8, Township 3 North, Range 7 East, Escambia County, Alabama, to the Field.

BOARD ACTION: Granted 10-2-08
ORDER NO. 2008-155

9. **DOCKET NO.** 8-26-08-10

Continued petition by VENTEX OPERATING CORP., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order amending Rule 1 of the Special Field Rules for the Robinson Creek Field to add the South Half of the Southwest Quarter of Section 8, Township 3 North, Range 7 East, Escambia County, Alabama to the field limits of said field.

This petition is filed as a companion to a petition bearing Docket No. 8-26-08-9 requesting reformation of the 40-acre wildcat unit for the ATIC 17-4 No. 1 Well, Permit No. 15554-B, to a 160-acre unit in the Robinson Creek Field.

BOARD ACTION: Granted 10-2-08.
ORDER NO. 2008-156

10. **DOCKET NO.** 9-30-08-1

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 Ingram 36-13-705 Well, Permit No. 14987-C, from an 80-acre unit consisting of the South Half of the Southwest Quarter of Section 36, 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 Southwest Quarter of the Southwest Quarter of said Section 36.

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 10-2-08.
ORDER NO. 2008-157

11. DOCKET NO. 9-30-08-2

Petition by MIDROC OPERATING COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced in a well to be drilled on a 160-acre wildcat drilling unit consisting of the Northeast Quarter of Section 16, 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: Dismissed 10-2-08
ORDER NO. 2008-158

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

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: Continued 10-2-08

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

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: Continued 10-2-08

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

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order reforming the unit for the Shook #29-6-2 Well, Permit No. 9721-C, from an 80-acre unit consisting of the East Half of the Northwest Quarter of Section 29, Township 19 South, Range 7 West, Tuscaloosa County, Alabama, in the Brookwood Coal Degasification Field to a 40-acre unit consisting of the Southeast Quarter of the Northwest Quarter of said Section 29.

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 10-2-08.
ORDER NO. 2008-159

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

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 10-2-08

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

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: Continued 10-2-08

17. DOCKET NO. 9-30-08-8

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 and Gas Board to reform the unit for the CLC 28-05-132 Well, Permit No. 14930-C, from an 80 acre unit consisting of the Southwest Quarter of the Northwest Quarter of Section 28 and the Southeast Quarter of the Northeast Quarter of Section 29, all in Township 17 South, Range 5 West, Jefferson County, Alabama, in the Short Creek Coal Degasification Field, to a 40-acre unit consisting of the Southwest Quarter of the Northwest Quarter of Section 28, Township 17 South, Range 5 West.

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 from the current unit by formation of an additional 40 acre unit comprised of the Southeast Quarter of the Northeast Quarter of said Section 29, Township 17 South, Range 5 West, Jefferson County, Alabama.

BOARD ACTION: Granted 10-2-08.

ORDER NO. 2008-160