

RESULTS
STATE OIL AND GAS BOARD OF ALABAMA
BOARD MEETING
DECEMBER 9 & 11, 2008

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

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

BOARD ACTION: Dismissed 12-11-08
ORDER NO. 2008-178

2. DOCKET NO. 11-4-08-1A

Amended petition by WINN EXPLORATION CO., INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order amending Rule 1 of the Special Field Rules for the Baileys Creek Field, Monroe County, Alabama, to include the East Half of the Northeast Quarter of Section 35, Township 5 North, Range 5 East, amending Rule 3 of those Special Field Rules to allow for spacing of wells on units consisting of 160 contiguous acres and amending Rule 7 of those Special Field Rules in order to establish permanent allowables for each well in the field and approving the drilling unit of the Winn Exploration Co., Inc. Craft-Noble 35-1 No. 1 Well, Permit No. 15396, consisting of the Northeast Quarter of said Section 35 as the permanent production unit for the said Well.

BOARD ACTION: Continued 12-11-08

3. DOCKET NO. 11-4-08-2B

Amended petition by SPOONER PETROLEUM COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an Order amending Rule 2 of the Special Field Rules for the East Lambeth Church Field, Escambia County, Alabama, to add and define the Cogle Sand Oil Pool for said Field and to approve the permanent production unit for the Powell-Rabon 3-11 No. 1 Well, Permit No. 15711-AB.

Petitioner requests that the Cogle Sand Oil Pool in the East Lambeth Church Field be defined as that interval of the Cogle Sand productive of hydrocarbons between the interval of 6550 feet and 6570 feet TVD (6576 feet and 6598 feet MD) as indicated on the High Definition Induction Log for the Powell-Rabon 3-11 No. 1 Well, Permit No. 15711-AB, and all zones in communication therewith and all productive extensions thereof. Said pool constitutes a separate and distinct oil producing pool in said Field, separate and distinct from all other producing pools therein.

Petitioner also requests that the drilling unit for the Powell-Rabon 3-11 No. 1 Well, Permit No. 15711-AB, consisting of the East Half of the Northwest Quarter of the Southwest Quarter and the West Half of the Northeast Quarter of the Southwest Quarter of Section 3, Township 1 North, Range 8 East, Escambia County, Alabama, be approved as the permanent production unit for said well.

BOARD ACTION: Continued 12-11-08

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

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

BOARD ACTION: Ordered 12-11-08 that the \$2.5 million Bond remain in effect and that the matter be reviewed by the Board in one year.

ORDER NO. 2008-179

5. DOCKET NO. 11-4-08-12A

Continued amended petition by DELPHI OIL, INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced in the 9216 JV-P Jordan 33-8 #1 Well, Permit No. 10600, located on a 160-acre unit consisting of the Northeast Quarter of Section 33, Township 6 North, Range 7 East, Monroe County, Alabama, in the North Excel Field.

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

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

BOARD ACTION: Granted 12-11-08 with the stipulation that no risk compensation will apply to the state's interest; and no charges will be imposed against the state's interest or any costs, either pre- or post production. The state will be an entirely carried interest free of all costs.

ORDER NO. 2008-180

6. DOCKET NO. 12-9-08-1

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 drilling unit consisting of the Northwest Quarter of Section 9, Township 4 North, Range 13 East, Conecuh County, Alabama, which is a productive extension of the Little Cedar 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 12-11-08

ORDER NO. 2008-181

7. DOCKET NO. 12-9-08-2

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 9, 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: Granted 12-11-08

ORDER NO. 2008-182

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

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending Rule 4 of the Special Field Rules for Peterson Coal Degasification Field, Tuscaloosa County, Alabama, to allow a second well to be drilled and produced within 80-acre drainage or production units in the Field, in accordance with the provisions of Section 9-17-12b of the Code of Alabama (1975), as amended.

BOARD ACTION: Continued 12-11-08 to a Special Board meeting at 10:00 a.m. on Thursday, January 15, 2008, at the Board's office in Tuscaloosa, Alabama.

9. DOCKET NO. 12-9-08-4

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending Rule 4 of the Special Field Rules for the Oak Grove Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, to allow a second well to be drilled and produced within 80-acre drainage or production units in the Field, in accordance with the provisions of Section 9-17-12b of the Code of Alabama (1975), as amended.

BOARD ACTION: Continued 12-11-08 to a Special Board meeting at 10:00 a.m. on Thursday, January 15, 2008, at the Board's office in Tuscaloosa, Alabama.

10. DOCKET NO. 12-9-08-5

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending Rule 4 of the Special Field Rules for Cedar Cove Coal Degasification Field, Tuscaloosa County, Alabama, to allow a second well to be drilled and produced within 80-acre drainage or production units in the Field, in accordance with the provisions of Section 9-17-12b of the Code of Alabama (1975), as amended.

BOARD ACTION: Continued 12-11-08 to a Special Board meeting at 10:00 a.m. on Thursday, January 15, 2008, at the Board's office in Tuscaloosa, Alabama.

11. DOCKET NO. 12-9-08-6

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending Rule 4 of the Special Field Rules for Holt Coal Degasification Field, Tuscaloosa County, Alabama, to allow a second well to be drilled and produced within 80-acre drainage or production units in the Field, in accordance with the provisions of Section 9-17-12b of the Code of Alabama (1975), as amended.

BOARD ACTION: Continued 12-11-08 to a Special Board meeting at 10:00 a.m. on Thursday, January 15, 2008, at the Board's office in Tuscaloosa, Alabama.

12. DOCKET NO. 12-9-08-7A

Amended petition by PETRONOVA, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order reforming the unit for the Sloss 06-02-006 Well, Permit No. 15435-C, from an 80-acre production unit consisting of the North Half of the Northeast Quarter of Section 6, Township 16 South, Range 4 East, St. Clair County, Alabama, in the Wattsville Coal Degasification Field, to an 80-acre production unit consisting of the West Half of the Northeast Quarter of said Section 6.

That in Order No. 2008-94 issued on June 23, 2008, the Board reformed the 40-acre wildcat drilling unit for the referenced well consisting of the Northwest Quarter of the Northeast Quarter of said Section 6 to the existing 80-acre production unit.

BOARD ACTION: Granted 12-11-08

ORDER NO. 2008-183

13. DOCKET NO. 12-9-08-8

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 amending Rule 4A of the Special Field Rules for Blue Creek Coal Degasification Field, Tuscaloosa and Fayette Counties, Alabama, to allow a second well to be drilled and produced within 80-acre drainage or production units in the Field, in accordance with the provisions of Section 9-17-12b of the Code of Alabama (1975), as amended.

BOARD ACTION: Continued 12-11-08 to a Special Board meeting at 10:00 a.m. on Thursday, January 15, 2008, at the Board's office in Tuscaloosa, Alabama.

14. DOCKET NO. 12-9-08-9

Petition by COLUMBIA PETROLEUM LLC, a foreign limited liability company authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving the exceptional bottom hole location of the Nick Ross 24-11 #2 Well, Permit No. 15852, as an exception to Rule 3(b) the Special Field Rules of the Little Cedar Creek Field. Said well was drilled on a 160 acre drilling unit consisting of the Southwest Quarter of Section 24, Township 4 North, Range 12 East, Conecuh County, Alabama, at a surface location 678 feet from the North line of said 160 acre drilling unit, but said well drifted such that the bottom hole location is 653 feet from the North line of said 160 acre unit, and as such, is an exception to said Rule.

Rule 3(b) of the Special Field Rules of the Little Cedar Creek Field requires that wells be drilled at least 660 feet from every exterior boundary of the drilling unit, but the bottom hole location of the referenced well, being 653 feet from the North line of said 160 acre drilling unit, is an exception to said Rule.

BOARD ACTION: Continued 12-11-08

15. DOCKET NO. 12-9-08-10

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, and ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending Rule 4A of the Special Field Rules for Brookwood Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, to allow a second well to be drilled and produced within 80-acre drainage or production units in the Field, in accordance with the provisions of Section 9-17-12b of the Code of Alabama (1975), as amended.

BOARD ACTION: Continued 12-11-08 to a Special Board meeting at 10:00 a.m. on Thursday, January 15, 2008, at the Board's office in Tuscaloosa, Alabama.

16. 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 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 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 12-11-08

17. 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 (2862-AB TB)	Triad 36-7 #1 (Land Brothers 36-5 #2)	S36, T11N, R5W S36, T11N, R5W

Bucatanna Creek Underground Injection Control Well

2753-B-SWD-80-1	Johnson 14-14#1	S14, T11N, R5W
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BOARD ACTION: Ordered 12-11-08 that the Davis 35-7 #1 Well and the Triad 36-7 #1 Well either be placed on production or plugged and abandoned and their well sites restored by 6/30/09, and that if the Davis and Triad wells are plugged and abandoned, then the operator should restore the associated Land Brothers 36-5 #2 tank battery site that services these two wells.
 ORDER NO. 2008-184

18. DOCKET NO. 8-26-08-25

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting Operator, Daybreak Oil and Gas, Inc., to show cause why the following abandoned wells located in the 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> (Tank Battery No.)	<u>Well Name</u> (Tank Battery)	<u>Location</u>
190	A. M. Mosley #1	S3, T10N, R3W
1052	Leo Stewart	S2, T10N, R3W
3102	Stewart #3-9	S3, T10N, R3W
3094	Long #5-5	S5, T10N, R3W
4231	Kingree #5-12	S5, T10N, R3W
(102 TB)	(Carolyn Moseley #1)	S5, T10N, R3W
271	F. A. Adams et al #1	S6, T10N, R3W
(258 TB)	(Cooper Wigham # 1)	S6, T10N, R3W
3469	Smith Trice #34-10	S34, T11N, R4W
(3469 TB)	(Smith Trice #34-10)	S34, T11N, R4W

Gilbertown Field Well (non-unitized) with no tanks or salt water disposal well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
3096	Steve Scruggs #32-10	S32, T11N, R4W

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

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
129	F. M. Mosley #1	S3, T10N, R3W
1367	Rex Alman #4	S4, T10N, R3W
113	Johnson Unit #1	S4, T10N, R3W
131-A	E. A. Rentz #2	S4, T10N, R3W
136 (former injection well)	F. M. Johnson 4-7 #2	S4, T10N, R3W

BOARD ACTION: Continued 12-11-08 to the May 7, 2009, meeting of the Board, and Ordered that the Steve Scruggs 32-10 Well be plugged and abandoned and the site restored by March 31, 2009, and Ordered regarding the remaining wells that after March 31, 2009, every 90 days the operator shall either place a well on production or plugged and abandoned a well, and if the plugged and abandoned well has an associated tank battery that services only that well, then the associated tank battery shall be restored.
 ORDER NO. 2008-185

19. DOCKET NO. 6-16-08-16B

Continued amended petition by BENJAMIN V. COODY, d/b/a Pete's Pumping Service, 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 Eula Jones #1 Well, Permit No. 1288, located on a 40-acre unit consisting of the Northeast Quarter of the Southwest Quarter of Section 2, 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.

BOARD ACTION: Continued 12-11-08