

RESULTS
STATE OIL AND GAS BOARD OF ALABAMA
BOARD MEETING
JUNE 16 & 18, 2009

1. 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.

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 6-18-09

2. DOCKET NO. 3-24-09-10A

Continued amended petition by PALMER PETROLEUM, 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, with a risk compensation penalty, all tracts and interests in hydrocarbons produced from the Smackover Formation in Petitioner's proposed Grantham-Bass 14-10 No. 1 Well to be drilled on a 160-acre wildcat unit consisting of the Southeast Quarter of Section 14, Township 4 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: Continued 6-18-09

3. DOCKET NO. 3-24-09-11

Continued petition by CORONADO ALABAMA, LLC, an Alabama 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 extending the temporarily abandoned status of the Bolden-GSPC 32-1-1 Well, Permit No. 8434-A, located on a 40-acre wildcat drilling unit consisting of the Northeast Quarter of the Northeast Quarter of Section 32, Township 21 North, Range 4 East, Hale County, Alabama, for one year, in accordance with Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code and extending the shut-in status of the Burke 29-7 No. 1 Well, Permit No. 3939-A, located on a 40-acre wildcat drilling unit consisting of the Southwest Quarter of the Northeast Quarter of Section 29, Township 21 North, Range 4 East, Hale County, Alabama, for one year in accordance with Rule 400-1-4-.17(2) of said State Oil and Gas Board of Alabama Administrative Code because said wells have future utility and should not be plugged.

BOARD ACTION: Granted 6-18-09

ORDER NO. 2009-41

4. DOCKET NO. 5-5-09-04

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 the 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.

This Petition is filed as a companion to a petition bearing Docket No. 5-5-09-05 requesting approval of the commingling of State and federal natural gas streams.

BOARD ACTION: Continued 6-18-09

5. DOCKET NO. 5-5-09-05

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 (Sleeping Bear), 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.

This Petition is filed as a companion to a petition bearing Docket No. 5-5-09-04 requesting approval of the Modification of the Production, Allocation and Reporting Methodology for Shell's Fairway Field.

BOARD ACTION: Continued 6-18-09

6. DOCKET NO. 5-5-09-06B

Amended 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 approving the exceptional bottom hole location of the Kendall Lands 24-10 Well, Permit No. 15924, as an exception to Rule 3(b) of the Special Field Rules for the Little Cedar Creek Field. Said well was drilled on a 160-acre production unit consisting of the Southeast Quarter of Section 24, Township 4 North, Range 12 East, Conecuh County, Alabama, in the Little Cedar Creek Field, at a surface location 1,965 feet from the South line and 2,110 feet from the East line of said 160-acre production unit, but said well drifted such that the bottom hole location is 503 feet from the North line and 534 feet from the West line of said 160-acre production unit.

Rule 3(b) of the Special Field Rules for the Little Cedar Creek Field requires that a well in said Field be located at least six hundred sixty (660) feet from any exterior boundary of the drilling unit. However, the bottom hole location of the referenced well, being 503 feet from the North line and 534 feet from the West line of said 160-acre unit, is an exception to said Rule.

BOARD ACTION: Granted 6-18-09

ORDER NO. 2009-42

7. DOCKET NO. 5-5-09-08

Continued petition by LAND AND NATURAL RESOURCE DEVELOPMENT, 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 Age, from the re-entry of the Irvin 5-6 #1 Well, Permit No. 11596, located on a 320-acre wildcat drilling unit consisting of the West Half of Section 5, Township 19 South, Range 13 West, Pickens 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 6-18-09

ORDER NO. 2009-43

8. DOCKET NO. 5-5-09-10E

Continued amended 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 without risk compensation, all tracts and interests in coalbed methane produced from the Pottsville formation in an 80-acre drilling unit for the proposed Bane 31-09-332 Well, having a unit consisting of the Northeast Quarter of the Southeast Quarter and the Southeast Quarter of the Northeast Quarter, Section 31, Township 18 South, Range 9 West, Tuscaloosa County, Alabama, in the Blue 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: Granted 6-18-09

ORDER NO. 2009-44

9. DOCKET NO. 5-5-09-11A

Continued amended 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 coalbed methane produced from the Pottsville formation in a 40-acre drilling unit for the proposed Kimbrough 03-01-454 Well, having a unit consisting of all of the Northeast Quarter of the Northeast Quarter, Section 3, Township 18 South, Range 9 West, Tuscaloosa County, Alabama, in the Blue 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: Dismissed 6-18-09

ORDER NO. 2009-45

10. DOCKET NO. 5-5-09-13A

Continued amended petition by DE SOTO OIL & GAS, INC., a Florida corporation authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama ("Board") to enter an order force pooling, without risk compensation, of all tracts and interests in a 640-acre production unit for the Godwin 14-3 No. 1 Well, Permit No. 15687-B, having a production unit consisting of all of Section 14, Township 1 North, Range 7 East, Escambia County, Alabama, in the Big Escambia Creek Field. On February 8, 2008, the Board in Order No. 2008-23, under Docket No. 2-6-08-23, on the petition by De Soto Oil & Gas, Inc. force pooled and integrated with risk compensation the above-described 640-acre

production unit in the Big Escambia Creek Field. Following said order Petitioner drilled and completed the Well as a productive gas well in the Big Escambia Creek Field. Petitioner further requests that the Board terminate Board Order 2008-23, the nonconsenting owner under Board Order 2008-23 having consented. De Soto Oil & Gas, Inc. now requests the Board to force pool and integrate all remaining interests in said unit without risk compensation, De Soto Oil & Gas, Inc. having discovered such additional non-consenting owners in said unit subsequent to the drilling of said well. 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 6-18-09

11. DOCKET NO. 6-16-09-01

Petition by SKLAR EXPLORATION COMPANY, LLC, 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 to enter an order amending Rule 1 of the Special Field Rules for the Little Cedar Creek Field to add the following described parcel to the field limits of said field: the Southwest Quarter of Section 4, Township 4 North, Range 13 East, Conecuh County, Alabama. This petition is filed pursuant to Ala. Code Sections 9-17-1, *et seq.* and Rules 400-1, *et seq.* of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: Granted 6-18-09

ORDER NO. 2009-46

12. DOCKET NO. 6-16-09-02

Petition by ROBINSON'S BEND OPERATING II, LLC, a foreign limited liability company, requesting the State Oil and Gas Board to enter an order amending Rule 4A of the Special Field Rules for the Robinson's Bend Coal Degasification Field, Pickens and Tuscaloosa 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 9-17-12(b) of the *Code of Alabama* (1975), as amended.

BOARD ACTION: Granted 6-18-09

ORDER NO. 2009-47

13. DOCKET NO. 6-16-09-03

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 plans for the consolidation of Mary Ann Unit, Aloe Bay Unit, 823 Unit and 869 Unit produced gases, currently delivered and treated in the Mary Ann Plant and the 823 Plant into a single onshore treating facility at ExxonMobil's Onshore Treating Facility located near Coden in Mobile County, Alabama. Petitioner will present general plant flow diagrams along with plans for gas measurement and allocations. Subsequent to approval of the consolidation plans, Petitioner will present detailed engineering design and construction plans for the plant consolidations, including detailed metering and pipeline drawings for approval by the Oil and Gas Supervisor. Following consolidation of the Mary Ann Plant and the 823 Plant into the Onshore Treating Facility, and prior to commencement of consolidated operations, Exxon Mobil Corporation will petition the Board for approval to operate and for approval of the measurement and allocation procedures.

Petitioner is also requesting the Board to approve its plans for maintaining the Mary Ann Plant and the 823 Plant in a safe out condition such that should they be needed in the future, as treating facilities, they will be available.

BOARD ACTION: Continued 6-18-09

14. DOCKET NO. 6-16-09-04

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 amending Rule 1 of the Special Field Rules for the Wallace Field, Escambia County, Alabama, in order to delete the Northwest Quarter of the Northeast Quarter of Section 13, Township 3 North, Range 8 East, Escambia County, Alabama from the field limits of said Field.

BOARD ACTION: Granted 6-18-09

ORDER NO. 2009-48

15. DOCKET NO. 6-16-09-05A

Amended 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 establishing a new oil field in Escambia County, Alabama, to be named the North Wallace Field, or such other name as the Board deems proper, and to adopt Special Field Rules therefor. The proposed field, as underlain by the Smackover Oil Pool, consists of the South Half of the Southeast Quarter of Section 12 and the North Half of the Northeast Quarter of Section 13, all in Township 3 North, Range 8 East, Escambia County, Alabama.

The Smackover Oil Pool should be defined as that interval of the Smackover Formation productive of hydrocarbons between 13,476 feet measured depth and 13,778 feet measured depth, as indicated on the High Definition Induction Log of the Kelly 12-15 #1, Permit No. 15689-B, located in the South Half of the Southeast Quarter of Section 12, Township 3 North, Range 8 East, Escambia County, Alabama. Petitioner is requesting well spacing of 160 acres, and is also requesting the establishment of allowables for said field. Additionally, Petitioner requests that the drilling unit for the Kelly 12-15 #1 Well, Permit No. 15689-B, consisting of the South Half of the Southeast Quarter of Section 12 and the North Half of the Northeast Quarter of Section 13, all in Township 3 North, Range 8 East, Escambia County, Alabama, be approved as the production unit for that Well.

BOARD ACTION: Granted 6-18-09
ORDER NO. 2009-49

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

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 the McMillan 35-8 Well to be drilled on a 160-acre wildcat drilling unit consisting of the Northeast Quarter of Section 35, Township 4 North, Range 10 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 6-18-09
ORDER NO. 2009-50

17. DOCKET NO. 6-16-09-07

Petition by VENTURE OIL AND 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 location for the proposed Fountain Farm 2-5 No. 1 Well to be drilled at a location 522.51 feet from the West line and 1259.64 feet from the South line of a proposed 160-acre drilling unit consisting of the Northwest Quarter of Section 2, Township 2 North, Range 6 East, Escambia County, Alabama to be drilled as a wildcat well in said Escambia County, Alabama. Said location is an exception to Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code which requires that such a well be located 660 feet from any exterior boundary of the drilling unit. Section 9-17-12(c) of the *Code of Alabama* (1975) authorizes the granting of exceptional locations for the drilling of wells in Alabama.

BOARD ACTION: Dismissed 6-18-09
ORDER NO. 2009-51

18. 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	C. F. Stewart Heirs #1	S1, T10N, R3W
(1293 TB)	(C. F. Stewart Heirs #1)	S1, T10N, R3W
1338	Mattie Clark #3	S1, T10N, R3W
10416	Mattie E. Clark #1-6	S1, T10N, R3W
(1343 TB)	(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 6-18-09

19. DOCKET NO. 06-16-09-08

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend Rule 400-1-4-.17, Rule 400-2-4-.14, and Rule 400-3-4-.17 of the State Oil and Gas Board of Alabama Administrative Code relating to Request to Classify Wells as Temporarily Abandoned or Shut in to provide that the Board may, after notice and hearing, extend the temporarily abandoned or shut-in status for a well previously approved by the Supervisor for temporarily abandoned or shut-in status.

BOARD ACTION: Continued 6-18-09