

AGENDA
STATE OIL AND GAS BOARD OF ALABAMA
BOARD MEETING
JULY 23 & 24, 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 Gilberttown 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 7-24-09 for six months or until the next regularly scheduled meeting of the Board following said six month period.

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 7-24-09

3. 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: Granted 7-24-09

ORDER NO. 2009-52

4. 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: Granted 7-24-09

ORDER NO. 2009-53

5. DOCKET NO. 5-5-09-13C

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 7-24-09

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

Continued 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: Granted 7-24-09

ORDER NO. 2009-54

7. DOCKET NO. 7-23-09-01

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 a 160-acre drilling unit consisting of the South Half of the South Half of Section 23, Township 4 North, Range 12 East, Conecuh County, Alabama, as a productive extension of the Little Cedar Creek Field. Petitioner proposes to drill the Sanders 23-16 Well on said 160-acre drilling unit at a location 660 feet FSL and 660 feet FEL of said Section 23, in accordance with Rule 3(a) of the Special Field Rules for the Little Cedar Creek Field which provides that a well may be drilled on a drilling unit containing approximately 160 contiguous acres.

This petition is filed as a companion to a petition bearing Docket No. 7-23-09-02 requesting the forced pooling, with imposition of the risk compensation fee, of all tracts and interests in hydrocarbons produced from the Smackover Formation in the referenced well.

BOARD ACTION: Continued 7-24-09

8. DOCKET NO. 7-23-09-02

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, with a risk compensation penalty, all tracts and interests in hydrocarbons produced from the Smackover Formation in Petitioner’s proposed Sanders 23-16 Well to be drilled on a 160-acre drilling unit consisting of the South Half of the South Half of Section 23, Township 4 North, Range 12 East, Conecuh County, Alabama, as 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.

This petition is filed as a companion to a petition bearing Docket No. 7-23-09-01 requesting the Board to enter an order approving said 160-acre productive extension of the Little Cedar Creek Field.

BOARD ACTION: Continued 7-24-09

9. DOCKET NO. 7-23-09-03A

Amended petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order re-assuming jurisdiction and authority over the Shook #6-7-12 Well, Permit No. 5533-CG, located in Section 6, Township 20 South, Range 7 West, Tuscaloosa County, Alabama, in the Brookwood Coal Degassification Field.

At the request of Petitioner, the Board entered Order No. 94-95 on June 24, 1994, relinquishing and terminating jurisdiction and authority over certain wells in the Brookwood Coal Degasification Field including the Shook #6-7-12 Well based upon evidence that none of the wells was producing gas at the time nor were they expected to produce in the future. Said Order required Petitioner to plug and abandon these wells when they were no longer useful for mine safety or utility reasons. Due to the installation of a Nitrogen Recovery Unit that will take non-pipeline quality gas and recover non-combustible gas from the full well stream thus rendering otherwise non-marketable gas marketable, Petitioner is now requesting the Board to re-assume jurisdiction and authority over the above-described well.

BOARD ACTION: Granted 7-24-09
ORDER NO. 2009-55

10. DOCKET NO. 7-23-09-04

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status of the Carroll 7-1 #1 Well, Permit No. 5918-A, located on a 320-acre wildcat drilling unit consisting of the North Half of Section 7, Township 17 South, Range 16 West, Lamar 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 because said well has future utility and should not be plugged.

BOARD ACTION: Continued 7-24-09 with the stipulation the temporarily abandoned status be extended to the next regularly scheduled meeting of the Board.

11. DOCKET NO. 7-23-09-05

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status of the Roy J. Smith et al 6-10 #1A Well, Permit No. 2355-B, located in the Chunchula Unit in Section 6, Township 1 South, Range 1 West, Mobile 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 because said well has future utility and should not be plugged.

BOARD ACTION: Continued 7-24-09 with the stipulation the temporarily abandoned status be extended to the next regularly scheduled meeting of the Board.

12. DOCKET NO. 7-23-09-06

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status of the Winters 19-4 #1 Well, Permit No. 4765-A-1, located on a 320-acre drilling unit in the Coal Fire Creek Field consisting of the North Half of Section 19, Township 18 South, Range 14 West, Pickens 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 because said well has future utility and should not be plugged.

BOARD ACTION: Continued 7-24-09 with the stipulation the temporarily abandoned status be extended to the next regularly scheduled meeting of the Board.

13. DOCKET NO. 7-23-09-07

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status of the R.J. Newman et al 21-11 #1 Well, Permit No. 4412-A, located in the Turnerville Field on a 160-acre drilling unit consisting of the Southwest Quarter of Section 21, Township 1 South, Range 1 West, Mobile 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 because said well has future utility and should not be plugged.

BOARD ACTION: Continued 7-24-09 with the stipulation the temporarily abandoned status be extended to the next regularly scheduled meeting of the Board.

14. DOCKET NO. 7-23-09-08

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status of the James Graham Brown Foundation, Inc. 1-9 #1 Well, Permit No. 4370-A, located in the Lazy Creek Field on a 320-acre drilling unit consisting of the South Half of Section 1, Township 18 South, Range 13 West, Pickens 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 because said well has future utility and should not be plugged.

BOARD ACTION: Continued 7-24-09 with the stipulation the temporarily abandoned status be extended to the next regularly scheduled meeting of the Board.

15. DOCKET NO. 7-23-09-09

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order extending the shut-in status of the Northington 11-9 #2 Well, Permit No. 12740-A, located in the West Detroit Field on a 320-acre drilling unit consisting of the East Half of Section 11, Township 12 South, Range 16 West, Lamar 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 well has future utility and should not be plugged.

BOARD ACTION: Continued 7-24-09 with the stipulation that the shut-in status be extended to the next regularly scheduled meeting of the Board.

16. DOCKET NO. 7-23-09-10

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order extending the shut-in status of the Melrose Timber Co., Inc. 2-15 #1 Well, Permit No. 5787-A, located on a 320-acre wildcat drilling unit consisting of the South Half of Section 2, Township 20 South, Range 17 West, Pickens 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 well has future utility and should not be plugged.

BOARD ACTION: Continued 7-24-09 with the stipulation that the shut-in status be extended to the next regularly scheduled meeting of the Board.

17. DOCKET NO. 7-23-09-11A

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 force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced in the Boney 28-11 #1 Well to be drilled on a 40-acre wildcat drilling unit consisting of the Northeast Quarter of the Southwest Quarter of Section 28, Township 11 North, Range 4 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: Granted 7-24-09

ORDER NO. 2009-56

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: Dismissed 7-24-09

ORDER NO. 2009-57

19. DOCKET NO. 6-16-09-08

Continued 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 7-24-09

20. DOCKET NO. 7-23-09-12

MOTION BY THE STATE OIL AND GAS BOARD for Operator Holland Operating Company, Inc., to show cause why the wells located in the Moundville Coal Degasification Field, Hale County, Alabama listed hereinbelow should not be ordered plugged and abandoned in accordance with Rule 400-3-4-.14 of the State Oil and Gas Board of Alabama Administrative Code relating to Plugging and Abandonment of Wells. Further, as a part of this Motion by the Board, the operator shall show cause why equipment, pipelines, and other facilities associated with these wells, including but not limited to natural gas pipelines, compressor stations, “tin” horns, pipeline risers, and water gathering lines should not be removed, cleaned up, or dismantled and all sites restored in accordance with the Board’s rules and regulations.

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
14811-C	Tubbs 10-5	Sec. 10, Township 23 North, Range 5 East
14812-C	Stephenson 10-4	Sec. 10, Township 23 North, Range 5 East
14813-C	Tubbs 9-8 No. 1	Sec. 9, Township 23 North, Range 5 East
14814-C	Tubbs 9-1 No. 2	Sec. 9, Township 23 North, Range 5 East
14817-C	Tubbs 9-1 No. 3	Sec. 9, Township 23 North, Range 5 East

The Board may, as a part of this Motion, order that surety holding surety bonds on these wells pay the proceeds of the well bonds to the Board so that the Board’s staff may plug and abandon the wells and restore the well sites and dismantle, remove and restore all associated sites.

Further, as a part of this Motion, the Board may order that a portion of the monies in the Alabama Coalbed Methane Gas Plugging Fund be collected by the Board pursuant to Section 9-17-133 et. seq. of the Code of Alabama (1975).

Failure of the operator to comply with the Board’s rules, regulations, and orders may result in the Board issuing fines or taking other sanctions against operator, Holland Operating Company, Inc.

BOARD ACTION: Continued 7-24-09 to the October 29, 2009, meeting of the Board.