

## RESULTS OF MEETING

The State Oil and Gas Board of Alabama held its regular hearing at 10:00 a.m. on Tuesday, July 20, 2010, and Thursday, July 22, 2010, in the Board Room of the State Oil and Gas Board, Walter B. Jones Hall, University of Alabama Campus, 420 Hackberry Lane, Tuscaloosa, Alabama.

### 1. DOCKET NO. 9-8-09-05A

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, pursuant to Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code, to enter an order extending the temporarily abandoned status for the following wells located in St. Clair County, Alabama, in the Big Canoe Creek Field, for a period of one (1) year:

<u>WELL NAME</u>	<u>PERMIT NO.</u>	<u>LOCATION</u>
Bjornson 32-16-07	14620	S32-T13S-R5E
Sloss, et al 35-13-09	14621	S35-T13S-R4E
West 35-08-05	15268	S35-T13S-R4E.

Petitioner requests that the Board grant a one year extension of the temporarily abandoned status of the referenced wells because said wells have future utility and should not be plugged.

**BOARD ACTION:** Dismissed 7-22-10.

ORDER NO. 2010-68

### 2. DOCKET NO. 10-27-09-02

Continued petition by STETSON PETROLEUM CORP., 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 extending the temporarily abandoned status of the Scott Paper Co. 25-14 No. 1 Well, Permit No. 6303, located on a 160-acre unit consisting of the West Half of the Southeast Quarter and the East Half of the Southwest Quarter of Section 25, Township 4 North, Range 7 East, Conecuh County, Alabama in the Northeast Barnett Field, for one year, in accordance with Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code. Said Well has future utility to the operations of Stetson Petroleum Corp. and should not be plugged.

**BOARD ACTION:** Dismissed 7-22-10.

ORDER NO. 2010-69

### 3. DOCKET NO. 2-9-10-01A

Continued amended petition by COLUMBIA PETROLEUM, LLC, a Mississippi 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 force pooling, with the imposition of a risk compensation fee, all tracts and interests in hydrocarbons produced from the Smackover Formation in a well to be drilled on a proposed 160-acre drilling unit consisting of the South Half of the Southeast Quarter of Section 23, and the North Half of the Northeast Quarter of Section 26, all in Township 4 North, Range 12 East, Conecuh County, Alabama, as a productive extension of the Little Cedar Creek Field.

This petition is filed as a companion petition to the petition bearing Docket No. 2-9-10-02 requesting the approval of a 160-acre drilling unit as a productive extension of the Little Cedar Creek Field.

**BOARD ACTION:** Continued 7-22-10.

### 4. DOCKET NO. 2-9-10-02A

Continued amended petition by COLUMBIA PETROLEUM, LLC, a Mississippi 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 approving a 160-acre drilling unit for the proposed Sanders 23-16 Well consisting of the South Half of the Southeast Quarter of Section 23, and the North Half of the Northeast Quarter of Section 26, all in Township 4 North, Range 12 East, Conecuh County, Alabama, as a productive extension of the Little Cedar Creek Field, in accordance with Rule 3(a) of the Special Field Rules for said field.

This petition is filed as a companion petition to the petition bearing Docket No. 2-9-10-01 requesting the force pooling, with the imposition of a risk compensation fee, of all tracts and interests in hydrocarbons produced from the Smackover Formation in the proposed Sanders 23-16 Well.

**BOARD ACTION:** Continued 7-22-10.

### 5. DOCKET NO. 3-23-10-13

Continued 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 parcels to the field limits of said field: the Northeast Quarter

and the Southeast Quarter of Section 33, Township 5 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:** Continued 7-22-10.

6. DOCKET NO. 7-20-10-01A

Amended Petition by SOUTH CARLTON OPERATING COMPANY, 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 authorizing it to re-enter the ARCO Gulfcrest 5-2 No. 1 Well (Permit No. 5226) in the Gulf Crest Field for testing and production of the Smackover Oil Pool on an exceptional 160-acre production unit consisting of the West Half of the Northeast Quarter, the Northeast Quarter of the Northeast Quarter, the North Half of the Southeast Quarter of the Northeast Quarter and the East Half of the Northeast Quarter of the Northwest Quarter of Section 5 of Township 1 South, Range 2 West, Mobile County, Alabama, as an exception to Rule 3(a) of the Special Field Rules for said field, which requires that units for the Smackover Oil Pool consist of a governmental quarter section containing approximately 160 contiguous acres. The ARCO Gulfcrest 5-2 No. 1 Well was drilled by Atlantic Richfield Company in 1987 to a total depth of approximately 18,710 feet from a surface location 625 feet from the North line and 2310 feet from the East line of said Section 5, to a bottomhole location 585.16 feet from the North line and 2334.62 feet from the East line of said unit.

South Carlton Operating Company, LLC desires to re-enter and attempt a recompletion of the ARCO Gulfcrest 5-2 No. 1 Well in an effort to re-establish production in the Smackover Oil Pool in said well. The perforations in this well are between the depths of 18,630 feet to 18,638 feet.

This petition is filed as a companion to the petition bearing Docket No. 7-20-10-02 requesting approval of the location of the wellbore of the ARCO Gulfcrest 5-2 No. 1 Well as an exception to Rule 3(b) of the Special Field Rules for said field.

This petition is filed pursuant to Section 9-17-1, *et seq.* of the Code of Alabama (1975) and Rules 400-1, *et seq.* of the State Oil and Gas Board of Alabama Administrative Code.

The jurisdiction of the State Oil and Gas Board of Alabama is set out in Section 9-17-1 *et seq.* of the Code of Alabama (1975). The Board may take any action it deems appropriate to ensure that the wells are operated properly and in accordance with Alabama oil and gas laws.

**BOARD ACTION:** Granted 7-22-10.

ORDER NO. 2010-70

7. DOCKET NO. 7-20-10-02A

Amended Petition by SOUTH CARLTON OPERATING COMPANY, 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 location of the wellbore of the ARCO Gulfcrest 5-2 No. 1 Well (Permit No. 5226) in the Gulf Crest Field for the re-entry of said well for testing and production of the Smackover Oil Pool on a 160-acre production unit consisting of the West Half of the Northeast Quarter, the Northeast Quarter of the Northeast Quarter, the North Half of the Southeast Quarter of the Northeast Quarter and the East Half of the Northeast Quarter of the Northwest Quarter of Section 5 of Township 1 South, Range 2 West, Mobile County, Alabama, 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 the exterior boundary of the unit. The ARCO Gulfcrest 5-2 No. 1 Well was drilled by Atlantic Richfield Company in 1987 to a total depth of approximately 18,710 feet from a surface location 625 feet from the North line and 2310 feet from the East line of said Section 5, to a bottomhole location 585.16 feet from the North line and 2334.62 feet from the East line of unit.

South Carlton Operating Company, LLC desires to re-enter and attempt a recompletion of the ARCO Gulfcrest 5-2 No. 1 Well in an effort to re-establish production in the Smackover Oil Pool in said well. The perforations in this well are between the depths of 18,630 feet to 18,638 feet.

This petition is filed as a companion to the petition bearing Docket No. 7-20-10-01 requesting approval of the above-described 160-acre production unit for the ARCO Gulfcrest 5-2 No. 1 Well as an exception to Rule 3(a) of the Special Field Rules for said field.

This petition is filed pursuant to Section 9-17-1, *et seq.* of the Code of Alabama (1975) and Rules 400-1, *et seq.* of the State Oil and Gas Board of Alabama Administrative Code.

The jurisdiction of the State Oil and Gas Board of Alabama is set out in Section 9-17-1 *et seq.* of the Code of Alabama (1975). The Board may take any action it deems appropriate to ensure that the wells are operated properly and in accordance with Alabama oil and gas laws.

**BOARD ACTION:** Granted 7-22-10.

ORDER NO. 2010-71

8. DOCKET NO. 7-20-10-03B

Amended Petition by FAIRWAYS EXPLORATION & PRODUCTION, LLC, a Delaware 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 without risk compensation, all tracts and interests in hydrocarbons produced in a 160 acre drilling unit for the proposed Morgan 13-5 #1 Well, a wildcat well, having a unit consisting of all of the Northwest Quarter, Section 13, Township 5 North, Range 13 East, Conecuh County, Alabama. 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 7-22-10.

9. DOCKET NO. 7-20-10-04

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 or until such time as said well is permanently plugged and abandoned within one (1) year, in accordance with Rule 400-1-4-.17(1) of the *State Oil and Gas Board of Alabama Administrative Code*. Petitioner further requests an extension of 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*, as said well is capable of producing and should not be plugged.

**BOARD ACTION:** Granted 7-22-10. Said Petition is granted: (1) Extending the temporarily abandoned status of the Bolden-GSPC 32-1-1 Well, Permit No. 8434-A, until January 1, 2011; and (2) Extending the shut-in status for the Burke 29-7 No. 1 Well, Permit No. 3939-A, in accordance with Rule 400-1-4-.17(2) of the *State Oil and Gas Board of Alabama Administrative Code*, for a period of one (1) year from the date of this Order of the State Oil and Gas Board approving this request, or until the next regularly scheduled meeting of the Board following the expiration of said one (1) year. The Board also Ordered that Coronado Alabama, LLC plug and abandon the Bolden-GSPC 32-1-1 Well, Permit No. 8434-A, by January 1, 2011, in accordance with Rule 400-1-4-.14 of the *State Oil and Gas Board of Alabama Administrative Code*.

ORDER NO. 2010-72

10. DOCKET NO. 7-20-10-05A

Amended 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 enter an order approving an exceptional location for the proposed St. Regis 9-5 No. 1 Well to be drilled on a 640-acre unit consisting of Section 9, Township 1 North, Range 7 East, Escambia County, Alabama, in the Big Escambia Creek Field, as an exception to Rule 3(b) of the Special Field Rules for said Field. Petitioner proposes to drill said well on said 640-acre unit at a surface location 2,000 feet from the North line and 700 feet from the West line, with a bottom hole location no closer than 660 feet from the West line, of said Section 9. At such location, said well will be an exception to said Rule 3(b) which requires that wells drilled in said Field be located at least 1,320 feet from every exterior boundary of a 640-acre unit.

The proposed St. Regis 9-5 No. 1 Well is a replacement well for the St. Regis 9-11 #1 Well, Permit No. 15251-B. If the proposed St. Regis 9-5 No. 1 Well is completed as a producer in the Smackover Gas Pool, then in that event, the St. Regis 9-11 #1 Well will be plugged.

**BOARD ACTION:** Granted 7-22-10. Said Petition is granted approving an exceptional surface location 2,000 feet from the North line and 700 feet from the West line, and a bottom hole location no closer than 660 feet from the West line of Section 9, Township 1 North, Range 7 East, Escambia County, Alabama, for the proposed St. Regis 9-5 #1 Well to be drilled on a 640-acre unit consisting of said Section 9, in the Big Escambia Creek Field, as an exception to Rule 3(b) of the Special Field Rules for said Field. The Board also Ordered that since there are two additional unplugged wells, the St. Regis Paper Co. Gas Unit #9-4 Well, Permit No. 3339, and the St. Regis 9-11 #1 Well, Permit No. 15251-B, located in said Section 9 on the same 640-acre unit as the proposed St. Regis 9-5 #1 Well, Escambia Operating Co., LLC may only produce one well at any given time on said 640-acre unit.

ORDER NO. 2010-73

11. DOCKET NO. 7-20-10-06B

Amended Petition by KLONDIKE 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 of Alabama 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 Hutchinson 12-10 #1 Well to be drilled on a 160-acre wildcat drilling unit consisting of the Southeast Quarter of Section 12, Township 9 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 7-22-10.

ORDER NO. 2010-74

12. DOCKET NO. 3-23-10-21A

Continued amended MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend Rule 400-1-2-.05, Rule 400-2-2-.05 and Rule 400-3-2-.05 of the State Oil and Gas Board of Alabama Administrative Code relating to change of operator to provide that within 60 days of the effective date of any agreement causing a change of operator, the new operator must submit the Application for Change of Operator. Further, under the proposed rule, the new operator shall attest that it has ownership or control of one hundred percent (100%) of the rights to drill and produce in the unit. Further, under the proposed rule, the Board may delay the time period for filing the application for an additional period of time. The State Oil and Gas Board of Alabama was established pursuant to Alabama Oil and Gas Conservation Laws as set forth in the Section 9-17-1 et seq. of the Code of Alabama (1975)

**BOARD ACTION:** Continued 7-22-10.

13. DOCKET NO. 7-20-10-07

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting Operator, S. Lavon Evans Jr., Operating Co., Inc., to show cause why the following wells located in Tuscaloosa, Lamar, Pickens, and Jefferson Counties, 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.

The Board may consider, as a part of this Motion, that the proceeds from the surety bond be utilized to plug and abandon wells and restore well sites.

Failure of the operator to comply with the Board's rules, regulations, and orders may result in the Board's issuing fines or taking other sanctions against operator, S. Lavon Evans Jr., Operating Co., Inc.

County Line Field Well, Pickens Co.

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
11797	Holliman 36-10 #1	S36, T17S, R14W
11865	Williamson 1-1 #1	S1, T18S, R14W

Asbury Church Field, Lamar Co.

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
12974	Weyerhaeuser 33-15 #1	S33, T16S, R16W
12975	Weyerhaeuser 4-1 #1	S4, T17S, R16W
13260	Weyerhaeuser 3-7 #1	S3, T17S, R16W

SE Watson Field Wells, Lamar Co.

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
12548	Collins 12-11 #1	S12, T15S, R15W
12919	Gearn 14-1 #1	S14, T15S, R15W

Wiley Dome Field Wells, Lamar Co.

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
9986-A	Holman 34-10 #1	S34, T17S, R9W
13041	Holman 35-6 #1	S35, T17S, R9W
13042	Shepherd 35-16 #1	S35, T17S, R9W
13310-BH	Holman 34-10 #2	S34, T17S, R9W
13311	Alawest 34-13 #1	S34, T17S, R9W
13905	Earnest 26-14 #1	S26, T17S, R9W

Lamar County Wildcats

Permit No.

Well Name

Location

13640

Gartman 2-4 #1

S2, T17S, R16W

Tuscaloosa County Wildcats

Permit No.

Well Name

Location

13133

Earnest 26-15 #1

S26, T17S, R9W

13307

Christian 3-8 #1

S3, T18S, R9W

13384

Champion International 35-13 #1

S35, T17S, R9W

13387

Alawest 2-3 #1

S2, T18S, R9W

13388

Bane 36-14 #1

S36, T17S, R9W

13680

Bolton 1-4 #1A

S1, T18S, R9W

13710

Champion International 3-10 #1

S3, T18S, R9W

13711

Alawest 1-12 #2

S1, T18S, R9W

Jefferson County Wildcat

Permit No.

Well Name

Location

13389

U.S. Steel Corporation 21-13 #1

S21, T19S, R5W

**BOARD ACTION:** Continued 7-22-10.