

RESULTS OF MEETING

The State Oil and Gas Board of Alabama held its regular hearing at 10:00 a.m. on Tuesday, December 7, 2010, and Thursday, December 9, 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. 3-24-09-03

Continued petition by DURANGO OPERATING, LLC, a Mississippi limited liability company, authorized to do business in the State of Alabama, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status for the R. E. Loper et al 12-11 #1, Permit # 2885, located in Section 12, Township 1 North, Range 8 East in Pollard Field, Escambia County, Alabama, for a period of one (1) year: Said well is temporarily abandoned. Petitioner is requesting the Board to classify said well as temporarily abandoned for a period of one (1) year in accordance with Rule 400-1-4-.17 of the State Oil and Gas Board of Alabama Administrative Code because said well has future utility in Durango Operating, LLC's operations in Pollard Field, Escambia County, Alabama and should not be plugged.

BOARD ACTION: Dismissed without prejudice 12-9-10.

ORDER NO.: 2010-97

2. DOCKET NO. 9-8-09-07

Continued petition by ESCAMBIA OPERATING CO., LLC, a foreign limited liability company, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status for the Powell Gas Unit 19-4 #1 Well, Permit No. 2991, located on a 640-acre unit consisting of Section 19, Township 1 North, Range 9 East, Escambia County, Alabama, in the Flomaton Field, for a period of one (1) year, in accordance with Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code.

Petitioner has previously been granted temporarily abandoned status for the referenced well and requests that the Board grant a one year extension of such status because said well has future utility and should not be plugged.

BOARD ACTION: Continued 12-9-10 with the stipulation that the temporarily abandoned status for the Powell Gas Unit 19-4 # 1 Well, Permit No. 2991, be extended until the next regularly scheduled meeting.

3. DOCKET NO. 10-27-09-06B

Continued amended petition by SMACKCO, LTD., an Alabama limited partnership, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status of the Appleton Unit 2-14 #1 Well, Permit No. 3854-B, and the Appleton Unit 2-15 #5 Well, Permit No. 6247-B, both located in Section 2, Township 3 North, Range 9 East, Escambia County, Alabama, in the Appleton Field Unit, 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 wells have future utility and should not be plugged.

BOARD ACTION: Granted with the stipulation that the temporarily abandoned status of the Appleton Unit 2-14 #1 Well, Permit No. 3854-B, and the Appleton Unit 2-15 #5 Well, Permit No. 6247-B, be extended for six months or to the next regularly scheduled meeting following the six month period.

ORDER NO.: 2010-98

4. DOCKET NO. 10-27-09-07A

Continued amended petition by SMACKCO, LTD., an Alabama limited partnership, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status of the McMillan Trust 12-11 #4 Well, Permit No. 4991, located on a 160-acre wildcat unit consisting of the Southwest Quarter of Section 12, Township 3 North, Range 9 East, Escambia 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: Dismissed without prejudice 12-9-10.

ORDER NO.: 2010-99

5. 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: Dismissed without prejudice 12-9-10.

ORDER NO.: 2010-100

6. 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: Dismissed without prejudice 12-9-10.

ORDER NO.: 2010-101

7. DOCKET NO. 8-31-10-08

Petition by AMERICAN MIDSTREAM (MISSISSIPPI), LLC., a Delaware Limited Liability Company, qualified to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama, pursuant to Rule 400-1-7-01 of the State Oil and Gas Board of Alabama Administrative Code, to approve a modification to its construction and operation plan for its Atmore Gas Treatment Plant located in the Northwest Quarter of Section 2, Township 2 North, Range 16 East, Escambia County, Alabama. Because of the high hydrogen sulfide content of gas in wells in the vicinity of its Atmore Gas Treatment Plant, it may be necessary for the Petitioner to add a process for the treatment of that gas prior to the gas entering its Plant and it may be necessary to add an additional process on the outlet side of the Plant to further clean the gas prior to its leaving the Plant. The current construction and operation plan for the Atmore Gas Treatment Plant was approved by the Board on March 25, 2010, pursuant to Order No. 2010-34

BOARD ACTION: Dismissed without prejudice 12-9-10.

ORDER NO.: 2010-102

8. DOCKET NO. 10-26-10-03

Continued 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 is capable of producing and should not be plugged.

BOARD ACTION: Granted 12-9-10.

ORDER NO.: 2010-103

9. DOCKET NO. 10-26-10-10

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, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced from the Smackover Formation in the proposed Hattie Gibby 7-15 No. 2 Well to be drilled on a 160-acre drilling unit consisting of the South Half of the Southeast Quarter of Section 7 and the North Half of the Northeast Quarter of Section 18, all in Township 6 North, Range 5 East, Clarke County, Alabama, in the Barlow Bend 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. 10-26-10-11 requesting approval of an exceptional 160-acre drilling unit for the Hattie Gibby 7-15 No. 2 Well as an exception to Rule 3(a) of the Special Field Rules for the Barlow Bend Field.

BOARD ACTION: Continued 12-9-10.

10. DOCKET NO. 10-26-10-11

Continued petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving a 160-acre drilling unit for the proposed Hattie Gibby 7-15 No. 2 Well consisting of the South Half of the Southeast Quarter of Section 7 and the North Half of the Northeast Quarter of Section 18, all in Township 6 North, Range 5 East, Clarke County, Alabama, in the Barlow Bend Field, as an exception to Rule 3(a) of the Special Field Rules for said Field, which requires units consisting of governmental quarter sections.

This petition is filed as a companion to a petition bearing Docket No. 10-26-10-10 requesting the forced pooling, without imposition of the risk compensation fee, of all tracts and interests in hydrocarbons produced from the Smackover Formation in the Hattie Gibby 7-15 No. 2 Well.

BOARD ACTION: Continued 12-9-10.

11. DOCKET NO. 10-26-10-12B

Continued amended petition by FREEBIRD GAS STORAGE, LLC ("Petitioner"), an Alabama limited liability company, whose managing principal is Enstor Operating Company LLC, an Oregon limited liability company, requesting that the State Oil and Gas Board of Alabama ("Board") enter an order pursuant to the Special Underground Gas Storage Rules for the East Detroit Gas Storage Facility in Lamar County, Alabama, and in particular, Rule 5 ("Volume Verification") of said Special Underground Gas Storage Rules, and pursuant to the State Oil and Gas Board of Alabama Administrative Code Rules 400-5-1 et seq. and 400-7-1 et seq., said order being requested to approve Petitioner's recalculation and redetermination of the storage volume for said facility and to otherwise accommodate a planned expansion of the capacity of said facility which will involve increasing the injection pressures, injection rates, and withdrawal rates, and otherwise taking actions and installing equipment to expand the storage capacity of said facility, all as authorized by and in accordance with the provisions of Ala. Code Sections 9-17-150 through -157. The horizontal boundaries of said facility include the SW 1/4 of Section 2; the S 1/2 of Section 3; the SE 1/4 of Section 4; all of Sections 9 and 10; the W 1/2 of Section 11; the NW 1/4 of Section 14; and all of Sections 15 and 16; all in Township 12 South, Range 15 West, Lamar County, Alabama.

BOARD ACTION: Granted 12-9-10.

ORDER NO.: 2010-104

12. DOCKET NO. 12-7-10-01

Petition by JABSCO OIL OPERATING, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to amend Rule 2 of the Special Field Rules for the Buncomb Creek Field, Pickens County, Alabama, to add the Pottsville A Sand Gas Pool, to be construed to mean those strata of the Pottsville Sand productive of hydrocarbons in the interval between 4,829 feet and 4,858 feet in the McShan 32-7 #1 Well, Permit No. 11739, located on an irregular 320-acre wildcat drilling unit consisting of the Northeast Quarter and the North Half of the Southeast Quarter of Section 32 and the Southwest Quarter of the Northwest Quarter and the Northwest Quarter of the Southwest Quarter of Section 33, all in Township 18 South, Range 15 West, Pickens County, as indicated on the Induction/Gamma Ray Log of said well, and including those strata productive of hydrocarbons which can be correlated therewith.

Petitioner further requests the Board to establish spacing for said pool and to approve the irregular 320-acre wildcat drilling unit for the McShan 32-7 #1 Well as the production unit for said well.

BOARD ACTION: Granted 12-9-10.

ORDER NO.: 2010-105

13. DOCKET NO. 12-7-10-02B

Amended petition by JABSCO OIL OPERATING, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order reforming a 320-acre production unit for the McShan 32-7 #1 Well, Permit No. 11739, consisting of the Northeast Quarter and the North Half of the Southeast Quarter of Section 32 and the Southwest Quarter of the Northwest Quarter and the Northwest Quarter of the Southwest Quarter of Section 33, all in Township 18 South, Range 15 West, Pickens County, Alabama, in the Pottsville A Sand Gas Pool of the Buncomb Creek Field, to a 370-acre production unit in accordance with the 50% tolerance allowed by Section 9-17-12 (b) of the *Code of Alabama* 1975, as amended. The 370-acre production unit for said well would consist of the Northeast Quarter and the North Half of the Southeast Quarter and the North Half of the Northeast Quarter of the Southeast Quarter of the Southeast Quarter of Section 32 and the Southwest Quarter of the Northwest Quarter, the Northwest Quarter of the Southwest Quarter, the Southwest Quarter of the Southwest Quarter and the West Half of the Southwest Quarter of the Southeast Quarter of the Southwest Quarter of Section 33, all in Township 18 South, Range 15 West, Pickens County, Alabama.

Section 9-17-12(b) of the *Code of Alabama* (1975), as amended, authorizes the Board, after notice and hearing, to establish drainage or production units for oil and gas pools by a quantum not to exceed fifty percent (50%) greater than, in this case, 320 acres to insure protection of coequal and correlative rights provided such action is justified by sufficient technical data indicating that the acreage or land in excess of the aforesaid maximum limitations is being drained or is in imminent danger of being drained and that the owners of such said excess acreage cannot otherwise receive their just and equitable share of production from the pool being so drained. Said 370-acre production unit would be an exception to Rule 3(a) of the Special Field Rules for the Buncomb Creek Field, and Petitioner also requests approval of an exception to said Rule 3(a).

This petition is filed as a companion to a petition bearing Docket No. 12-7-10-10 requesting the forced pooling, without imposition of a risk compensation fee, of all tracts and interests in hydrocarbons produced in the McShan 32-7 #1 Well.

BOARD ACTION: Granted 12-9-10.

ORDER NO.: 2010-106

14. DOCKET NO. 12-7-10-03

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 amend Rule 2 of the Special Field Rules for the Molloy Gas Field, Lamar County, Alabama, to add

the Chandler Sand Gas Pool, to be construed to mean those strata of the Chandler Sand productive of hydrocarbons in the interval between 3,878 feet and 3,931 feet in the Richards 33-11 #1 Well (formerly Richards Unit 33-11 #1 Well), Permit No. 2848, located on a 320-acre wildcat drilling unit consisting of the West Half of Section 33, Township 15 South, Range 16 West, Lamar County, as indicated on the Dual Induction-SFL Log of said well, and including those strata productive of hydrocarbons which can be correlated therewith.

Petitioner further requests the Board to approve the 320-acre wildcat drilling unit for the Richards 33-11 #1 Well as the production unit for said well, as completed in the Chandler Sand Gas Pool, in the Molloy Gas Field.

BOARD ACTION: Continued 12-9-10.

15. DOCKET NO. 12-7-10-04

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 amending Rule 4 of the Special Field Rules for the South Carlton Field, Clarke and Baldwin Counties, Alabama, to allow the Supervisor to approve the setting of production casing above the producing reservoir and the completion of a well open hole.

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 12-9-10.

ORDER NO.: 2010-107

16. DOCKET NO. 12-7-10-05A

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 exceptional 320-acre wildcat drilling unit for re-entry of the Jordan 21-2 #1 Well, Permit No. 2875, consisting of the Northeast Quarter of Section 21 and the Northwest Quarter of Section 22, Township 17 South, Range 16 West, Lamar County, Alabama, as an exception to Rule 400-1-2-.02(2)(c) of the *State Oil and Gas Board of Alabama Administrative Code* which requires that wells drilled in search of gas in Lamar County be drilled on a drilling unit consisting of a governmental half section containing approximately 320 acres.

This petition is filed as a companion to a petition bearing Docket No. 12-7-10-06 requesting the forced pooling, without imposition of the risk compensation fee, of all tracts and interests in hydrocarbons produced from the re-entry of the Jordan 21-2 #1 Well.

BOARD ACTION: Granted 12-9-10.

ORDER NO.: 2010-108

17. DOCKET NO. 12-7-10-06A

Amended Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, 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 proposed re-entry of the Jordan 21-2 #1 Well, Permit No. 2875, to be located on a 320-acre wildcat drilling unit consisting of the Northeast Quarter of Section 21 and the Northwest Quarter of Section 22, Township 17 South, Range 16 West, Lamar 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*.

This petition is filed as a companion to a petition bearing Docket No. 12-7-10-05 requesting approval of an exceptional 320-acre wildcat drilling unit for the re-entry of the Jordan 21-2 #1 Well as an exception to Rule 400-1-2-.02(2)(c) of the *State Oil and Gas Board of Alabama Administrative Code*.

BOARD ACTION: Granted 12-9-10.

ORDER NO.: 2010-109

18. DOCKET NO. 12-7-10-07A

Amended Petition by SPOONER PETROLEUM COMPANY, 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 approving an exceptional non-governmental 160-acre production unit for the proposed Hoeffner-Broughton 35-13 No. 1 Well consisting of the South Half of the Southeast Quarter of the Southeast Quarter of Section 34 and the South Half of the Southwest Quarter of the Southwest Quarter of Section 35, all in Township 6 North, Range 5 East, and the Northwest Quarter of the Northwest Quarter and the North Half of the Southwest Quarter of the Northwest Quarter of Section 2, and the Northeast Quarter of the Northeast Quarter and the North Half of the Southeast Quarter of the Northeast Quarter of Section 3, all in

Township 5 North, Range 5 East, all in Monroe County, Alabama, in the Lovetts Creek Field, as an exception to Rule 3(a) of the Special Field Rules for said Field, which requires every well drilled in said field to be drilled on a governmental quarter section.

This petition is filed as a companion to a petition bearing Docket No. 12-7-10-08 requesting approval of an exceptional location for the Hoeffner-Broughton 35-13 No. 1 Well.

BOARD ACTION: Granted 12-9-10.

ORDER NO.: 2010-110

19. DOCKET NO. 12-7-10-08A

Amended Petition by SPOONER PETROLEUM COMPANY, 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 approving an exceptional location for the proposed Hoeffner-Broughton 35-13 No. 1 Well to be drilled on a 160-acre production unit consisting of the South Half of the Southeast Quarter of the Southeast Quarter of Section 34 and the South Half of the Southwest Quarter of the Southwest Quarter of Section 35, all in Township 6 North, Range 5 East, and the Northwest Quarter of the Northwest Quarter and the North Half of the Southwest Quarter of the Northwest Quarter of Section 2, and the Northeast Quarter of the Northeast Quarter and the North Half of the Southeast Quarter of the Northeast Quarter of Section 3, all in Township 5 North, Range 5 East, all in Monroe County, Alabama, in the Lovetts 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 160-acre unit at a location 647 feet from the North line and 1,155 feet from the East line of said 160-acre unit. 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 660 feet from every exterior boundary of the unit

This petition is filed as a companion to a petition bearing Docket No. 12-7-10-07 requesting approval of an exceptional 160-acre production unit for said Hoeffner-Broughton 35-13 No. 1 Well.

BOARD ACTION: Granted 12-9-10.

ORDER NO.: 2010-111

20. DOCKET NO. 12-7-10-09A

Amended Petition by CROSBYS CREEK OIL & GAS, 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 pursuant to Sections 9-17-1 through 9-17-32 and 9-17-80 through 9-17-88, *Code of Alabama* (1975), approving a field-wide Unit for the Crosbys Creek Gas Field to be known as the "Crosbys Creek Gas Unit," consisting of the hereinafter described "Unit Area" in Washington County, Alabama, and requiring the operation of said Unit Area as a single field-wide Unit for cooperative development and production of oil, gas, gaseous substances, condensate, distillate and all associated and constituent liquid or liquefiable substances within or produced from the Unitized Formation in order to prevent waste, to maximize recovery of the unitized substances, to avoid the drilling of unnecessary wells and to protect correlative rights of interested parties.

The "Unitized Formation" within the Unit Area for the proposed Crosbys Creek Gas Unit is to be designated as that portion of the subsurface underlying the Unit Area containing porous and hydrocarbon productive Smackover Formation between the depths of 16,394 feet and 16,421 feet in the Sarah Middleton 34-11 #1 Well, Permit No. 5001, with a surface location 1,321 feet FSL and 2,100 feet FWL of Section 34, Township 8 North, Range 4 West, Washington County, Alabama, as defined by the Litho Density Comp. Neutron Log for said well, and including those strata which can be correlated therewith, and all zones in communication therewith and all productive extensions thereof, or such other interval as may be ordered by the State Oil and Gas Board.

The proposed "Unit Area" is designated as Section 34, Township 8 North, Range 4 West, and Section 3, Township 7 North, Range 4 West, Washington County, Alabama.

Said petition further seeks entry of an order by this Board unitizing, pooling and integrating the Unit Area, as underlain by the above-described Unitized Formation, into a field-wide Unit so as to require all owners or claimants of royalty, overriding royalty, mineral, leasehold and all other leasehold interests within said field-wide Unit to unitize, pool and integrate their interests and develop their lands or interests within the Unit Area as a Unit. Said petition further seeks to have Crosbys Creek Oil & Gas, LLC, designated as Operator of the Unit Area in accordance with the laws of the State of Alabama and seeks an order from the Board approving the Unit Agreement and Unit Operating Agreement, as ratified. Said petition also seeks approval of the amendments to the Special Field Rules for the Crosbys Creek Gas Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

BOARD ACTION: Granted 12-9-10.

ORDER NO.: 2010-112

21. DOCKET NO. 12-7-10-10

Petition by JABSCO OIL OPERATING, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order force pooling, without imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced in the McShan 32-7 #1 Well, Permit No. 11739, located on a proposed reformed 370-acre unit consisting of the Northeast Quarter and the North Half of the Southeast Quarter and the North Half of the Northeast Quarter of the Southeast Quarter of the Southeast Quarter of Section 32 and the Southwest Quarter

of the Northwest Quarter, the Northwest Quarter of the Southwest Quarter, the Southwest Quarter of the Southwest Quarter and the West Half of the Southwest Quarter of the Southeast Quarter of the Southwest Quarter of Section 33, all in Township 18 South, Range 15 West, Pickens County, Alabama, in the Buncomb 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. 12-7-10-02B requesting reformation of a 320-acre production unit for the McShan 32-7 #1 Well to the hereinabove described 370-acre production unit and an exception to Rule 3(a) of the Special Field Rules for the Buncomb Creek Field.

BOARD ACTION: Granted 12-9-10.

ORDER NO.: 2010-113

22. DOCKET NO. 12-7-10-11A

Amended Petition by VENTURE 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 an exceptional location for the proposed Belcher 31-8 No. 1 Well to be drilled at a location approximately 591 feet from the West line and 1156 feet from the North line of a proposed 160-acre drilling unit to consist of the Southeast Quarter of the Northeast Quarter and the Northeast Quarter of the Southeast Quarter of Section 31 and the Southwest Quarter of the Northwest Quarter and the Northwest Quarter of the Southwest Quarter of Section 32, Township 5 North, Range 6 East, Monroe County, Alabama to be drilled as a wildcat well in said Monroe 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 every 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.

This Petition is filed as a companion to a Petition under Docket No. 12-7-10-12 requesting the Board to approve an exceptional unit for the proposed Belcher 31-8 No. 1 Well.

BOARD ACTION: Granted 12-9-10.

ORDER NO.: 2010-114

23. DOCKET NO. 12-7-10-12

Petition by VENTURE 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 an exceptional 160-acre drilling unit for the proposed Belcher 31-8 No. 1 Well to consist of the Southeast Quarter of the Northeast Quarter and the Northeast Quarter of the Southeast Quarter of Section 31 and the Southwest Quarter of the Northwest Quarter and the Northwest Quarter of the Southwest Quarter of Section 32, Township 5 North, Range 6 East, Monroe County, Alabama to be drilled as a wildcat well. The proposed drilling unit 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 wells be located on units consisting of a governmental quarter section containing approximately 160 contiguous acres.

This Petition is filed as a companion to a Petition under Docket No. 12-7-10-11 requesting the Board to approve an exceptional location for the proposed Belcher 31-8 No. 1 Well.

BOARD ACTION: Granted 12-9-10.

ORDER NO.: 2010-115

24. DOCKET NO. 12-7-10-13

Petition by VENTURE 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 force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced from a well to be drilled on a proposed 160-acre production unit consisting of the Northeast Quarter of Section 18, Township 4 North, Range 6 East, Monroe County, Alabama to be drilled as a well in the Uriah Field.

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

BOARD ACTION: Dismissed without prejudice 12-9-10.

ORDER NO.: 2010-116

25. DOCKET NO. 12-7-10-14A

Amended Petition by VENTURE 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 establishing a new gas field in Escambia County, Alabama, to be known as the Jack Springs Field, or such other name as the Board deems proper, to establish well spacing and production allowables, and to adopt Special Field Rules therefor. The proposed field is underlain by the Smackover Gas Pool and the proposed field limits include 480

acres to consist of the Northwest Quarter of Section 4 and the Northeast Quarter of Section 5, Township 2 North, Range 5 East and the South Half of the Southeast Quarter of Section 32 and the South Half of the Southwest Quarter of Section 33, Township 3 North, Range 5 East, Escambia County, Alabama. This petition will be submitted along with a companion petition requesting that the Board reform the 160-acre drilling unit for the Black Stone 4-4 No. 1 Well to a 480-acre production unit to consist of the same 480 acres described above, so that the proposed field limits of the proposed Jack Springs Field are the same as the proposed production unit for the Black Stone 4-4 No.1 Well.

The Smackover Gas Pool in said field is defined as those strata productive of hydrocarbons between the interval of 15,472 feet (MD) and 15,750 feet (MD) as indicated on the Platform Express Array Induction/Lithology Density Compensated Neutron/Gamma Ray/ SP Log for the Black Stone 4-4 No. 1 Well, Permit No. 16158, and all zones in communication therewith and all productive extensions thereof.

This Petition is filed as a companion to a Petition under Docket No. 12-7-10-15 requesting that the 160-acre drilling unit for the Black Stone 4-4 No. 1 Well be reformed to a 480-acre production unit, or any other unit as approved by the Board, and a Petition under Docket No. 12-7-10-16 requesting that all tracts and interests in hydrocarbons produced from the proposed 480-acre production unit, or any other unit as approved by the Board be force pooled by the Board without the imposition of a risk compensation penalty.

BOARD ACTION: Continued 12-9-10.

26. DOCKET NO. 12-7-10-15A

Amended Petition by VENTURE 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 reforming the 160-acre drilling unit for the Black Stone 4-4 No. 1 Well, Permit No. 16158, to a 480-acre production unit.

Petitioner requests that the 160-acre drilling unit for said Black Stone 4-4 No. 1 Well, Permit No. 16158, consisting of the Northwest Quarter of Section 4, Township 2 North, Range 5 East, Escambia County, Alabama, be reformed to a 480-acre production unit to consist of the Northwest Quarter of Section 4 and the Northeast Quarter of Section 5, Township 2 North, Range 5 East and the South Half of the Southeast Quarter of Section 32 and the South Half of the Southwest Quarter of Section 33, Township 3 North, Range 5 East, Escambia County, Alabama.

This Petition is filed as a companion to a Petition under Docket No. 12-7-10-14 requesting that a new gas field be established in Escambia County, Alabama, to be known as the Jack Springs Field and a Petition under Docket No. 12-7-10-16 requesting that all tracts and interests in hydrocarbons produced from the proposed 480-acre production unit of the subject well, or any other production unit as established by the Board, be force pooled by the Board without the imposition of a risk compensation penalty.

BOARD ACTION: Continued 12-9-10.

27. DOCKET NO. 12-7-10-16A

Amended Petition by VENTURE 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 force pooling, without the imposition of a risk compensation penalty, all tracts and interest in hydrocarbons produced from the proposed 480-acre production unit for the Black Stone 4-4 No. 1 Well, Permit No. 16158 to consist of the Northwest Quarter of Section 4 and the Northeast Quarter of Section 5, Township 2 North, Range 5 East and the South Half of the Southeast Quarter of Section 32 and the South Half of the Southwest Quarter of Section 33, Township 3 North, Range 5 East, Escambia County, Alabama or any other production unit approved by the Board for the subject well.

This Petition is in accordance of Section 19-17-13, *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 under Docket No. 12-7-10-14 requesting that a new gas field be established in Escambia County, Alabama, to be known as the Jack Springs Field and a Petition under Docket No. 12-7-10-15 requesting that the 160-acre drilling unit for the Black Stone 4-4 No. 1 Well be reformed to a 480-acre production unit to consist of Northwest Quarter of Section 4 and the Northeast Quarter of Section 5, Township 2 North, Range 5 East and the South Half of the Southeast Quarter of Section 32 and the South Half of the Southwest Quarter of Section 33, Township 3 North, Range 5 East, Escambia County, Alabama.

BOARD ACTION: Continued 12-9-10.

28. 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: Granted 12-9-10.

ORDER NO.: 2010-117

29. DOCKET NO. 10-26-10-14

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to amend Rule 400-1-9-.03(3), Rule 400-2-8-.05(3) and Rule 400-3-8-.02(3) of the State Oil and Gas Board of Alabama Administrative Code relating to the transportation of wastes associated with oil and gas operations. The proposed rule amendments would reduce the operator's filing requirements with the Board for the waste manifest, Form OGB-26, and would increase the period of time that the operator, transporter, and disposer must maintain file copies of the completed manifest from three to five years. 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 12-9-10.