

RESULTS OF MEETING

The State Oil and Gas Board of Alabama held its regular hearing at 10:00 a.m. on Tuesday, August 2, 2011, and Thursday, August 4, 2011, 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. 3-29-11-11A

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 establishing a new oil field in Escambia County, Alabama, to be named the McCullough 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 Northeast Quarter of Section 1, Township 2 North, Range 5 East, Escambia County, Alabama.

The Smackover Oil Pool in said field is defined as those strata productive of hydrocarbons between the interval of 15,146 feet (MD) and 15,303 feet (MD) as indicated on the Array Induction Log for the Mack 1-1 No. 1 Well, Permit No. 16200-B, located in the Northeast Quarter of Section 1, Township 2 North, Range 5 East, Escambia County, Alabama and all zones in communication therewith and all productive extensions thereof.

Petitioner requests well spacing of 160 acres and also requests the establishment of allowables for said field. Additionally, Petitioner requests that the 160-acre drilling unit for the Mack 1-1 No. 1 Well, Permit No. 16200-B, consisting of the Northeast Quarter of Section 1, Township 2 North, Range 5 East, be approved as the permanent production unit for that Well.

BOARD ACTION: Continued 8.4.11.

2. DOCKET NO. 5-3-11-03C

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 oil field in Escambia County, Alabama, to be named the Northwest McCullough 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 Southeast Quarter of Section 35, Township 3 North, Range 5 East, Escambia County, Alabama.

The Smackover Oil Pool in said field is defined as those strata productive of hydrocarbons between the interval of 15,088 feet (MD) and 15,440 feet (MD) as indicated on the Array Induction Log for the Neal 35-16 No. 1 Well, Permit No. 16387, located in the Southeast Quarter of Section 35, Township 3 North, Range 5 East, Escambia County, Alabama and all zones in communication therewith and all productive extensions thereof.

Petitioner requests well spacing of 160 acres and also requests the establishment of production allowables for said field. Additionally, Petitioner requests that the 160-acre drilling unit for the Neal 35-16 No. 1 Well, Permit No. 16387, consisting of the Southeast Quarter of Section 35, Township 3 North, Range 5 East be approved as the permanent production unit for that Well.

BOARD ACTION: Continued 8.4.11.

3. DOCKET NO. 5-3-11-12

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 location for the re-entry of the Windham 35-6 #1 Well, Permit No. 6934, for an attempted re-completion in the Pottsville A Sand Oil Pool, on a 40-acre wildcat drilling unit consisting of the Southeast Quarter of the Northwest Quarter of Section 35, Township 18 South, Range 15 West, Pickens County, Alabama. Said well is located 315 feet from the South line and 510 feet from the West line of said 40-acre wildcat drilling unit and, as such, is an exception to Rule 400-1-2-.02(2)(a) of the *State Oil and Gas Board of Alabama Administrative Code* which requires that wells be located at least 330 feet from every exterior boundary of the drilling unit.

Said well was previously permitted as a gas well in 1989 on a 320-acre wildcat drilling unit consisting of the West Half of said Section 35 to test the Carter and Lewis Sand Gas Pools, but was plugged and abandoned on October 30, 1989.

This petition is filed pursuant to Section 9-17-12(c) of the *Code of Alabama (1975)*, as amended.

BOARD ACTION: Continued 8.4.11.

4. DOCKET NO. 6-20-11-05A

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 Monroe County, Alabama, to be named the Goodway 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 Gas Pool, consists of the South Half of the Northeast Quarter and the North Half of the Southeast Quarter of Section 14, Township 4 North, Range 6 East, Monroe County, Alabama.

The Smackover Gas Pool in said field is defined as those strata productive of hydrocarbons between the interval of 13,817 feet (MD) and 13,928 feet (MD) as indicated on the Platform Express Borehole Sonic Array Induction/Lithology Density Compensated Neutron/Gamma Ray/ SP Log for the Coffin 14-10 No. 1 Well, Permit No.16388, and all zones in communication therewith and all productive extensions thereof.

Petitioner requests well spacing of 160 acres and also requests the establishment of allowables for said field. Additionally, Petitioner requests that the 160-acre drilling unit for the Coffin 14-10 Well, Permit No. 16388, consisting of the South Half of the Northeast Quarter and the North Half of the Southeast Quarter of Section 14, Township 4 North, Range 6 East, Monroe County, Alabama, be approved as the permanent production unit for that Well. The noted drilling unit was approved by this Board as an exceptional drilling unit on October 28, 2010, pursuant to Order No. 2010-95.

BOARD ACTION: Continued 8.4.11

5. DOCKET NO. 6-20-11-06A

Amended Petition by VENTEX OPERATING CORP., 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 North Smiths Church Field to add the East Half of the Northeast Quarter and the North Half of the Northeast Quarter of the Southeast Quarter of Section 23, Township 3 North, Range 7 East, Escambia County, Alabama, to the field limits of said Field.

This petition is filed as a companion to a petition bearing Docket No. 6-20-11-07 requesting reformation of the 40-acre wildcat drilling unit for the ATIC 23-8 No. 1 Well, Permit No. 16416-B, to a 160-acre production unit in the North Smiths Church Field, and to a petition bearing Docket No. 6-20-11-12 requesting to amend Rule 2 of the Special Field Rules for the North Smiths Church Field to re-define the Smackover Oil Pool in said Field.

BOARD ACTION: Granted 8.4.11

ORDER NO.: 2011-63

6. DOCKET NO. 6-20-11-07

Petition by VENTEX OPERATING CORP., 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 reforming the unit for the ATIC 23-8 No. 1 Well, Permit No. 16416-B, from a 40-acre wildcat drilling unit consisting of the Southeast Quarter of the Northeast Quarter of Section 23, Township 3 North, Range 7 East, Escambia County, Alabama, to a 160-acre production unit consisting of the East Half of the Northeast Quarter of Section 23 and the West Half of the Northwest Quarter of Section 24, all in Township 3 North, Range 7 East, Escambia County, Alabama, in the North Smiths Church Field, as an exception to Rule 3(a) of the Special Field Rules which requires 160-acre units consisting of a governmental quarter section.

This petition is filed as a companion to a petition bearing Docket No. 6-20-11-06 requesting an amendment to Rule 1 of the Special Field Rules for the North Smiths Church Field to add the East Half of the Northeast Quarter of Section 23, Township 3 North, Range 7 East, Escambia County, Alabama, to the Field.

BOARD ACTION: Granted 8.4.11

ORDER NO.: 2011-64

7. DOCKET NO. 6-20-11-12

Petition by VENTEX OPERATING CORP., 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 2 of the Special Field Rules for the North Smiths Church Field, Escambia County, Alabama, in order to re-define the Smackover Oil Pool as being that portion of the Smackover Formation productive of hydrocarbons in the interval between 14,208 feet measured depth and 14,640 feet measured depth as recorded on the Array Induction-Neutron-Density Measured Depth Log for the Atic 23-8 No.1 Well, Permit No. 16416-B, located in Section 23, Township 3 North, Range 7 East, Escambia County, Alabama, including those strata productive of hydrocarbons which can be correlated therewith, and all zones in communication therewith and all productive extensions thereof.

BOARD ACTION: Granted 8.4.11

ORDER NO.: 2011-65

8. DOCKET NO. 8-02-11-01

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 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 with stipulation that Petitioner conduct a Mechanical Integrity Test on the Burke 29-7 No. 1 Well. 8.4.11

ORDER NO.: 2011-66

9. DOCKET NO. 8-02-11-02

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving an exceptional location for the RGGG 29-13-01 gob well to be drilled 215 feet from the West line and 354 feet from the South

line of Section 29, Township 19 South, Range 6 West, Jefferson County, Alabama, in the Oak Grove Coal Degasification Field, as an exception to Rule 4B of the Special Field Rules for said Field. Said Rule requires that wells be drilled at least 300 feet from every exterior boundary of the field limits. The proposed location for the referenced well is 215 feet from the exterior boundary of said Field, and as such, is an exception to said Rule 4B.

BOARD ACTION: Granted 8.4.11

ORDER NO.: 2011-67

10. DOCKET NO. 8-02-11-03

Petition by W&T OFFSHORE, 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 W&T Offshore, Inc., as operator of the Fairway Field Unit and Yellowhammer Plant, located in Mobile County, Alabama, and authorizing the Oil and Gas Supervisor to approve a change of operator from Shell Offshore, Inc., to W&T Offshore, Inc., in accordance with Rule 400-2-2-.05 of the *State Oil and Gas Board of Alabama Administrative Code*. The authority of the State Oil and Gas Board of Alabama is set forth in Section 9-17-1 et seq. of the *Code of Alabama* (1975).

BOARD ACTION: Granted with stipulation that all administrative requirements of the State Oil and Gas Board be satisfied. 8.4.11

ORDER NO.: 2011-68

11. DOCKET NO. 8-02-11-04

Petition by CDM MAX, LLC, a Texas Limited Liability Company, qualified to do and doing business in the state of Alabama ("Petitioner") requesting the State Oil and Gas Board of Alabama ("Board"), pursuant to Rule 400-1-7-01 of the *State Oil and Gas Board of Alabama Administrative Code* to approve the construction and operation of its proposed Dogwood Oaks Gas Processing Facility to be located in Section 8, Township 3 North, Range 9 East, Escambia County, Alabama.

BOARD ACTION: Granted 8.4.11

ORDER NO.: 2011-69

12. DOCKET NO. 8-02-11-05

Petition by FLETCHER PETROLEUM CORP., a domestic 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 pursuant to Ala. Code § 9-17-1, et seq. (and in particular, Ala. Code § 9-17-13) and *State Oil and Gas Board of Alabama Administrative Code* Rules 400-1, et seq. (and, in particular, Rules 400-7-1 and 400-7-2), (a) force pooling without risk compensation all tracts and interests in the NE ¼ of Section 36, Township 4 North, Range 12 East, Conecuh County, Alabama, as a 160-acre wildcat unit for the purpose of drilling a well to test formations down to and including the Smackover formation, ("the Unit") (b) requiring all owners of tracts and interests in the Unit to develop their tracts and interests as a unit, and (c) appointing petitioner as the operator of the Unit.

BOARD ACTION: Granted 8.4.11

ORDER NO.: 2011-70

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

Continued 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 9-8-1	Sec. 9, Township 23 North, Range 5 East
14814-C	Tubbs 9-1 No. 2	Sec. 9, Township 23 North, Range 5 East
14887-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: Dismissed 8.4.11
ORDER NO.: 2011-71

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

Continued 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 issuing fines or taking other sanctions against Operator, S. Lavon Evans, Jr. Operating Co., Inc.

County Line Field

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

Asbury Church Field

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

SE Watson Creek Field

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

Wiley Dome Field

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

Wildcat Wells

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>County</u>
13133	Earnest 26-15 #1	S26, T17S, R9W	Tuscaloosa
13307	Christian 3-8 #1	S3, T18S, R9W	Tuscaloosa
13384	Champion International 35-13 #1	S35, T17S, R9W	Tuscaloosa
13387	Alawest 2-3 #1	S2, T18S, R9W	Tuscaloosa
13388	Bane 36-14 #1	S36, T17S, R9W	Tuscaloosa
13680	Bolton 1-4 #1A	S1, T18S, R9W	Tuscaloosa
13710	Champion International 3-10 #1	S3, T18S, R9W	Tuscaloosa
13711	Alawest 1-12 #2	S1, T18S, R9W	Tuscaloosa

13640
13389

Gartman 2-4 #1
U.S. Steel Corporation 21-13 #1

S2, T17S, R16W
S21, T19S, R5W

Lamar
Jefferson

BOARD ACTION: Continued to the November 3, 2011 meeting of the Board with the stipulation that the schedule for the plugging and abandoning procedures be followed. 8.4.11