

RESULTS OF MEETING
STATE OIL AND GAS BOARD OF ALABAMA
MAY 7, 2013

The State Oil and Gas Board of Alabama held its regular hearing at 10:00 a.m. on Tuesday, May 7, 2013 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. 12-11-12-01

Petition by SKLAR EXPLORATION COMPANY L.L.C. requesting that the State Oil and Gas Board of Alabama enter an order (a) force pooling, without risk compensation, all tracts and interests in the Southeast Quarter of Section 5, Township 3 North, Range 12 East, Escambia County, Alabama, as a 160-acre wildcat unit for the purpose of drilling a well to test formations down to and including the Smackover and Norphlet formations, (b) requiring all owners of tracts and interests in said unit to develop their tracts and interests as a unit, and (c) appointing Petitioner as the operator of said unit. This petition is filed pursuant to Sections 9-17-1, *et seq.* Ala. Code (1975) (and, in particular, Section 9-17-13, as amended) and Rules 400-1, *et seq.* (and, in particular, Rule 400-7-1 *et seq.*) of the State Oil and Gas Board of Alabama Administrative Code.

ACTION: Continued, 5/9/2013

2. DOCKET NO. 02-12-13-05

Petition by WALTER 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 to enter an order approving the exceptional location of the E. Hinds #14-5-4 Well, Permit No. 7816-C, as an exception to Rule 4B of the Special Field Rules for the Blue Creek Coal Degasification Field. Said well was permitted on a 40-acre production unit in the Blue Creek Coal Degasification Field consisting of the Southwest Quarter of the Northwest Quarter of Section 14, Township 19 South, Range 9 West, Tuscaloosa County, Alabama, at a location 242 feet from the North line and 702 feet from the West line of said 40-acre production unit, but recent new technology that was provided to Petitioner shows the location of said well as actually being 6 feet from the North line and 353 feet from the West line of the 40-acre production unit.

Rule 4B of the Special Field Rules for the Blue Creek Coal Degasification Field requires that wells be located at least 150 feet from every exterior boundary of the drilling unit, but the location of the referenced well, being only 6 feet from the North line of said 40-acre production unit is an exception to said Rule.

ACTION: Granted, 5/9/2013

ORDER NO. 2013-28

3. DOCKET NO. 02-12-13-06

Petition by WALTER 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 to enter an order approving the exceptional location of the S. Stedman #1-11-3 Well, Permit No. 7304-C, as an exception to Rule 4B of the Special Field Rules for the Blue Creek Coal Degasification Field. Said well was permitted on a 40-acre production unit in the Blue Creek Coal Degasification Field consisting of the Northeast Quarter of the Southwest Quarter of Section 1, Township 19 South, Range 9 West, Tuscaloosa County, Alabama, at a location 154 feet from the North line and 562 feet from the East line of said 40-acre production unit, but recent new technology that was provided to Petitioner shows the location of said well as actually being 91 feet from the North line and 433 feet from the East line of the 40-acre production unit.

Rule 4B of the Special Field Rules for the Blue Creek Coal Degasification Field requires that wells be located at least 150 feet from every exterior boundary of the drilling unit, but the location of the referenced well, being only 91 feet from the North line of said 40-acre production unit is an exception to said Rule.

ACTION: Granted, 5/9/2013

ORDER NO. 2013-29

4. DOCKET NO. 02-12-13-10

Notice that the Petitioner, ROBERT LAND, individually and as an attorney for landowners in the subject area, has petitioned the State Oil and Gas Board of Alabama (hereinafter referred to as "Board") to order the operator, Delphi Oil, Inc. (hereinafter referred to as "Delphi"), to plug and abandon the 9216 JV-P Jordan 33-8 No. 1 Well, Permit No. 10600, located on a unit consisting of the Northeast Quarter of Section 33, Township 6 North, Range 7 East, and the 9216 JV-P

Hill 34-3 No. 1 Well, Permit No. 10727-B, located on a unit consisting of the Northwest Quarter of Section 34, Township 6 North, Range 7 East, North Excel Field, Monroe County, Alabama. Petitioner has further requested the Board to order the well sites restored to their original condition, and all equipment servicing said wells be removed and such sites restored to their original condition. Petitioner further requested such other action as the Board deems appropriate before the Board's scheduled meeting on February 12 and 14, 2013, in Tuscaloosa, Alabama.

ACTION: Continued, 5/9/2013

5. DOCKET NO. 03-19-13-04

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order relinquishing and terminating jurisdiction and authority over the Hassinger 17-06-516 Well, Permit No. 15432-C, located on an 80-acre production unit consisting of the Southeast Quarter of the Northwest Quarter and the Southwest Quarter of the Northeast Quarter of Section 17, Township 19 South, Range 7 West, Tuscaloosa County, Alabama, in the Oak Grove Coal Degasification Field, in accordance with Section 9-17-1 et seq., Code of Alabama (1975), as amended and with Rule 400-1-2-.01 of the State Oil and Gas Board of Alabama Administrative Code.

ACTION: Granted, 5/9/2013

ORDER NO. 2013-30

6. DOCKET NO. 03-19-13-05

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 issue an order allowing Petitioner to maximize the recovery of oil by commingling non-Unit production from the Lower Cotton Valley Sand Oil Pool in the Hart 4-7 #2 Well, Permit No. 11824, located in Section 4, Township 2 North, Range 14 East, Covington County, Alabama, in the North Rome Field with Unit production from the East Haynesville Sand Oil Pool. The allocation of production between zones will be based upon the procedure previously approved by the Board by Order No. 2002-506, issued on December 20, 2002, and Order No. 2006-60 issued on April 27, 2006, for commingling in the Paramount-Findley 5-2 #1 Well, Permit No. 9378, and the Paramount Hart 4-7 #1 Well, Permit No. 10144, respectively. If approved, this proposal to commingle production will not create any change in ownership or otherwise affect any ownership interest in either the Lower Cotton Valley Sand Oil Pool or the East Haynesville Sand Oil Pool.

ACTION: Granted, 5/9/2013

ORDER NO. 2013-31

7. DOCKET NO. 03-19-13-09

Petition by South Carlton Operating Company, LLC, 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 (i) extending the temporarily abandoned status of the Ed L. Robinson et al #1 Well (Permit No. 272), the J. H. Wall Estate et al "C" #2-H Well (Permit No. 16547-BH), the Wall et al #3-3A Well (Permit No. 2287-B), the J. H. Wall Estate et al #3-10 Well (Permit No. 286-A) and the Wall et al #3-13 Well (Permit No. 2842), for a one year period in accordance with Rule 400-1-4-.17(1) of the *State Oil and Gas Board of Alabama Administrative Code* and (ii) extending the shut-in status of the Wall et al #3-6 Well (Permit No. 2180), the Williams 10-12 #2 Well (Permit No. 4611), the M. W. Davies #5 Well (Permit No. 1491), the Wall #11-4 Well (Permit No. 3331), the Wall et al #11-3 Well (Permit No. 3332), the Wall et al Unit #3-3 Well (Permit No. 2286-B), the J. H. Wall Estate Unit #3-2 Well (Permit No. 2017), the J. H. Wall Estate "E" #1 Well (Permit No. 975) and the Wall et al #3-11 Well (Permit No. 2179), all located in Clarke County, Alabama, in the South Carlton Field-Wide Lower Tuscaloosa Unit in the South Carlton Field, for a one year period in accordance with Rule 400-1-4-.17(2) of the *State Oil and Gas Board of Alabama Administrative Code*. Petitioner requests that the Board grant the above extensions because the above-named wells proposed for temporarily abandoned status are capable of future utility and the above-named wells proposed for shut-in status are capable of producing hydrocarbons.

ACTION: Granted, 5/9/2013

ORDER NO. 2013-32

8. DOCKET NO. 5-07-13-01

Petition by SKLAR EXPLORATION COMPANY L.L.C. requesting that the State Oil and Gas Board of Alabama enter an order (a) force pooling, without risk compensation, all tracts and interests in the Northeast Quarter of Section 21, Township 3 North, Range 13 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 and Norphlet formations, (b) requiring all owners of tracts and interests in said unit to develop their tracts and interests as a unit, and (c) appointing Petitioner as the operator of said unit.

This petition is filed pursuant to Sections 9-17-1, *et seq.* Ala. Code (1975) (and, in particular, Section 9-17-13, as amended) and Rules 400-1, *et seq.* (and, in particular, Rule 400-7-1 *et seq.*) of the State Oil and Gas Board of Alabama Administrative Code.

ACTION: Dismissed without prejudice, 5/9/2013

ORDER NO. 2013-33

9. DOCKET NO. 5-07-13-02A

Petition by JABSCO OIL OPERATING, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order (i) amending Rule 1 of the Special Field Rules for the Chicken Swamp Branch Oil Field, Pickens County, Alabama, to add the Northwest Quarter of Section 1, Township 19 South, Range 15 West, Pickens County, Alabama, to the field limits of said Field and clarifying that said Field is underlain by the Pottsville A Sand Oil Pool in addition to the Lewis Sand Oil Pool; and (ii) establishing the Northwest Quarter of the Northwest Quarter of said Section 1 as the final production unit for the Homan-Hagler 1-4 #1 Well, Permit No. 16668.

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

ACTION: Granted, 5/9/2013

ORDER NO. 2013-34

10. DOCKET NO. 5-07-13-03

Petition by EXXON MOBIL CORPORATION, acting for the operator, Mobil Oil Exploration & Producing Southeast 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 extending the temporarily abandoned status for the S/L 701 #2 Well, Permit No. 12604-OS-90-B, an offshore well in Mobile County, Alabama, in the Aloe Bay Field, in accordance with Rule 400-2-4-.14(1) of the *State Oil and Gas Board of Alabama Administrative Code*.

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

ACTION: Granted, 5/9/2013

ORDER NO. 2013-35

11. DOCKET NO. 5-07-13-04

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 extending the temporarily abandoned status for the State Lease 539 #1 Well, Permit No. 9985-OS-51-B, and extending the shut-in status for the State Lease 538, Tract 115, Well No. 3, Permit No. 15847-OS-96, both located in Baldwin County, Alabama, in the North Central Gulf Field-Mobile Area, in accordance with Rules 400-2-4-.14(1) and (2) of the *State Oil and Gas Board of Alabama Administrative Code*.

Petitioner requests that the Board grant a one year extension of the temporarily abandoned status for the State Lease 539 #1 Well because said well is an integral part of a production platform and has been plugged to the extent possible making permanent plugging and abandonment impractical at this time, and, as such this well has future utility.

Petitioner requests that the Board grant a one year extension of the shut-in status for the State Lease 538, Tract 115, Well No. 3 because said well is capable of producing and should not be plugged.

ACTION: Granted, 5/9/2013

ORDER NO. 2013-36

12. DOCKET NO. 5-7-13-05A

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 extending the shut-in status of the S/L 537 Tract 112 #4 Well, Permit No. 12155-OS-85 and the State Lease 536 #3 Well, Permit No. 11009-OS-65-B, both being offshore wells in Mobile County, Alabama, in the Northwest Gulf Field-Mobile Area, in accordance with Rule 400-2-4-.14(2) of the *State Oil and Gas Board of Alabama Administrative Code*.

Petitioner requests that the Board grant a one year extension of the shut-in status of the S/L 537 Tract 112 #4 and State Lease 536 #3 Wells because said wells are capable of producing and should not be plugged.

ACTION: Granted, 5/9/2013

ORDER NO. 2013-37

13. DOCKET NO. 5-07-13-06A

Petition by EXXON MOBIL CORPORATION, acting for the operator, Mobil Oil Exploration & Producing Southeast 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 extending the shut-in status of the State Lease 349 #2 Well, Permit No. 3135-OS-6-B, and the temporarily abandoned status of the State Lease 347 #1 Well, Permit No. 2543-OS-3-B, and the State Lease 347 #2 Well, Permit No. 3614-OS-14, all being offshore wells located in Baldwin and Mobile Counties, Alabama, in the Lower Mobile Bay-Mary Ann Field, in accordance with Rules 400-2-4-.14(1) and (2) of the *State Oil and Gas Board of Alabama Administrative Code*.

Petitioner requests that the Board grant a one year extension of the shut-in status for the State Lease 349 #2 Well because said well is capable of producing and should not be plugged.

Petitioner further requests that the Board grant a one year extension of the temporarily abandoned status of the State Lease 347 #1 and State Lease 347 #2 Wells because the State Lease 347 #1 Well is an integral part of the 76 Aux platform, making it impractical to complete the permanent plugging and abandonment until the platform is removed, and the State Lease 347 #2 Well has future utility and should not be plugged.

ACTION: Granted, 5/9/2013

ORDER NO. 2013-38

14. DOCKET NO. 5-07-13-07

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 to grant an extension of the temporarily abandoned status for the State Lease 531 #3 Well, Permit No. 9477-OS-41-B, located in Tract 113 in the Fairway Field Unit, Mobile County, Alabama, for a one year period pursuant to Rule 400-2-4-.14(1) of the *State Oil and Gas Board of Alabama Administrative Code*, as said well has future utility. 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.

ACTION: Granted, 5/9/2013

ORDER NO. 2013-39

15. DOCKET NO. 5-07-13-08

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 Monroe County, Alabama, to be named the Northeast 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 Oil Pool, consists of the Northwest Quarter of Section 13, Township 4 North, Range 6 East, Monroe County, Alabama.

The Smackover Oil Pool in said field is defined as those strata productive of hydrocarbons between the interval of 14,088 feet (MD) and 14,122 feet (MD) as indicated on the Platform Express / Array Induction/ SP / GR / Neutron/Density / MLT Log for the Address 13-4 No. 1 Well, Permit No.16722, located in the Northwest Quarter of Section 13, Township 4 North, Range 6 East, Monroe 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 Address 13-4 No. 1 Well, Permit No.16722, consisting of the Northwest Quarter of Section 13, Township 4 North, Range 6 East be approved as the permanent production unit for that Well.

ACTION: Granted, 5/9/2013

ORDER NO. 2013-40

16. DOCKET NO. 5-07-13-09A

Petition by GEOMET, 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 extending the shut-in status for twenty-four (24) wells and approving shut-in status for eight (8) wells, all located in Bibb and Shelby Counties, Alabama, in the Gurnee Coal Degasification Field, in the following areas, for a period of one (1) year, pursuant to Rule 400-3-4-.17(2) of the *State Oil and Gas Board of Alabama Administrative Code*:

Township 22 South, Range 4 West, Bibb County

Sections 18 and 19

Township 22 South, Range 5 West, Bibb County

Sections 7, 13, 17, 23, 24 and 25

Township 21 South, Range 3 West, Shelby County

Section 7

Township 21 South, Range 4 West, Shelby County

Sections 1, 2, 11, 21, 23, 26, 34 and 35.

Said wells are capable of producing and should not be plugged. The wells are monitored and are in a safe condition.

ACTION: Granted, 5/9/2013

ORDER NO. 2013-41

17. DOCKET NO. 05-07-13-10

Petition by PETRODOME OPERATING, LLC, a foreign 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 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 SE ¼ of Section 6, Township 6 North, Range 8 East, Monroe County, Alabama, as a 160-acre wildcat unit for the purpose of drilling a well to test formations down to and including the Frisco City Sand which is a part of the Haynesville 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.

ACTION: Granted, 5/9/2013

ORDER NO. 2013-42

18. DOCKET NO. 05-07-13-11

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order granting 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 production 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.

ACTION: Continued, 5/9/2013

19. DOCKET NO. 03-19-13-14

Motion by the State Oil and Gas Board of Alabama to amend the State Oil and Gas Board of Alabama Administrative Code to adopt proposed Rule 400-1-9-.04 relating to Hydraulic Fracturing and to amend Rule 400-3-8-.03 relating to Hydraulic Fracturing of Coalbeds. The jurisdiction and authority of the State Oil and Gas Board of Alabama to promulgate regulations is set forth in Section 9-17-1 *et seq.* of the Code of Alabama (1975), specifically Section 9-17-6(c) of the Code of Alabama (1975).

ACTION: Continued, 5/9/2013

20. 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 |

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

| <u>Permit No.</u> | <u>Well Name</u> | <u>Location</u> |
|-------------------|------------------|-----------------|
| 13640 | Gartman 2-4 #1 | S2, T17S, R16W |

Tuscaloosa County Wildcats

| <u>Permit No.</u> | <u>Well Name</u> | <u>Location</u> |
|-------------------|---------------------------------|-----------------|
| 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

| <u>Permit No.</u> | <u>Well Name</u> | <u>Location</u> |
|-------------------|---------------------------------|-----------------|
| 13389 | U.S. Steel Corporation 21-13 #1 | S21, T19S, R5W |

ACTION: Continued, 5/9/2013