

RESULTS OF MEETING
STATE OIL AND GAS BOARD OF ALABAMA
JULY 30 & AUGUST 1, 2013

The State Oil and Gas Board of Alabama held its regular hearing at 10:00 a.m. on Tuesday, July 30, 2013, and Thursday, August 1, 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, to consider, among other items, the following petition(s):

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, 8/1/2013

2. DOCKET NO. 6-18-13-04

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 Cedar Creek Land & Timber 14-3 #1 Well to be drilled on a 640-acre production unit consisting of Section 14, Township 1 North, Range 8 East, Escambia County, Alabama, in the Flomaton Field. The proposed location for the said well on said 640-acre production unit is 911 feet from the North line and 1,884 feet from the West line of said Section 14 and, as such, is an exception to Rule 3(b) of the Special Field Rules for the Flomaton Field. Said Rule states that wells completed in and producing from the Norphlet Sand Pool in said Field be located at least 1,320 feet from the nearest exterior boundary of the drilling unit and the proposed location for the above described well is 911 feet from the North line and 1,884 feet from the West line of said 640-acre production unit.

Petitioner plans to drill the Cedar Creek Land & Timber Co. 14-3 #1 Well as a replacement well for the Bernice S. Wessner Gas 14 #2 Well, Permit No. 1974, which is currently under repair and is being evaluated for future utility.

ACTION: Continued, 8/1/2013

3. DOCKET NO. 6-18-13-12

Petition by CINCO NRG, 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 approving an exceptional 160-acre production unit for the proposed Hill 34-6 No. 1 Well, said exceptional 160-acre production unit to consist of the West Half of the Northeast Quarter and the East Half of the Northwest Quarter of Section 34, Township 6 North, Range 7 East, Monroe County, Alabama, in the North Excel Field. The proposed production unit is an exception to Rule 3(a) of the Special Field Rules for the North Excel Field that requires all such wells to be located on units consisting of governmental quarter sections of approximately 160 acres. This matter is filed as a companion to a Petition requesting that all tracts and interests be force pooled with risk compensation under Docket No. 06-18-13-13.

Presently Delphi Oil, Inc. operates the 9216 JV-P Hill 34-3 #1 Well, Permit No. 10727-B, on a 160-acre governmental production unit in the North Excel Field consisting of the Northwest Quarter of Section 34, Township 6 North, Range 7 East, Monroe County, Alabama. The 9216 JV-P Hill 34-3 #1 Well was drilled in March, 1995. The exceptional 160-acre production unit proposed by CINCO NRG, LLC will include a part of the present 160-acre production unit for the 9216 JV-P Hill 34-3 #1 Well.

ACTION: Continued, 8/1/2013

4. DOCKET NO. 7-30-13-01

Petition by PRUET PRODUCTION CO., 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 Little Mill Creek Field to add the South Half of the Northwest Quarter of Southwest Quarter and the Southwest Quarter of Southwest Quarter of Section 4; the South Half of Northeast Quarter of Southeast Quarter and the Southeast Quarter of Southeast Quarter of Section 5; the North Half of Northeast Quarter of Northeast Quarter of Section 8; and the North Half of the Northwest Quarter of Northwest Quarter of Section 9, all in Township 10 North, Range 3 West, Choctaw County, Alabama, to the field limits of said Field, and establishing the 160-acre non-governmental drilling unit described hereinabove for the Graham 5-16 #1 Well, Permit No. 16792, as the permanent production unit for said well, said drilling unit having been approved by the Board in Order No. 2012-103 issued on December 13, 2012, as a productive extension of the Little Mill Creek Field.

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, 8/1/2013

ORDER NO. 2013-62

5. DOCKET NO. 7-30-13-02

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 Pineville Timber Company LLC 13-16 #1 Well to be drilled on a 640-acre production unit in the Big Escambia Creek Field consisting of Section 13, Township 1 North, Range 7 East, Escambia County, Alabama. The proposed location for said well on said 640-acre production unit is 1,917 feet from the South line and 361 feet from the East line of said Section 13 and, as such, is an exception to Rule 3(b) of the Special Field Rules for the Big Escambia Creek Field. Said Rule states that wells completed in and producing from the Smackover Gas Pool in said Field be located at least 1,320 feet from the nearest exterior boundary of the drilling unit and the location for the above described well is 1,917 feet from the South line and 361 feet from the East line of said 640-acre production unit.

Petitioner plans to drill the Pineville Timber Company LLC 13-16 #1 Well as a replacement well for the Edwards 13-1 Well, Permit No. 15404, which is currently under repair and being evaluated for future utility.

ACTION: Granted with the stipulation that the operator produce only one well at a time within the production unit.
ORDER NO. 2013-63

6. DOCKET NO. 7-30-13-03

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 Timbervest Partners II Alabama LLC 5-14 #1 Well to be drilled on a production unit in the Big Escambia Creek Field containing approximately 640 acres consisting of Section 5, Township 1 North, Range 7 East, Escambia County, Alabama. The proposed location for said well on the above-described production unit is 707 feet from the South line and 759 feet from the West line of said Section 5 and, as such, is an exception to Rule 3(b) of the Special Field Rules for the Big Escambia Creek Field. Said Rule states that wells completed in and producing from the Smackover Gas Pool in said Field be located at least 1,320 feet from the nearest exterior boundary of the drilling unit and the proposed location for the referenced well is 707 feet from the South line and 759 feet from the West line of said Section 5.

Petitioner plans to drill the Timbervest Partners II Alabama LLC 5-14 #1 Well as a replacement well for the Scott Paper Co. 5-13 #5 Well, Permit No. 10757, which is currently under repair and is being evaluated for future utility.

ACTION: Granted with the stipulation that the operator produce only one well at a time within the production unit.
ORDER NO. 2013-64

7. DOCKET NO. 7-30-13-04

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 Escambia Asset Co. LLC 4-16 #1 Well to be drilled on a production unit in the Big Escambia Creek Field containing approximately 640 acres consisting of Section 4, Township 1 North, Range 7 East, Escambia County, Alabama. The proposed location for said well on the above-described production unit is 1,534 feet from the South line and 457 feet from the East line of said Section 4 and, as such, is an exception to Rule 3(b) of the Special Field Rules for the Big Escambia Creek Field. Said Rule states that wells completed in and producing from the Smackover Gas Pool in said Field be located at least 1,320 feet from the nearest exterior boundary of the drilling unit and the proposed location for the above described well is 1,534 feet from the South line and 457 feet from the East line of said Section 4.

Petitioner plans to drill the Escambia Asset Co. LLC 4-16 #1 Well as a replacement well for the Manning 4-9 #1, Permit No. 15164-B, Well which is currently under repair and is being evaluated for future utility.

ACTION: Granted with the stipulation that the operator produce only one well at a time within the production unit.
ORDER NO. 2013-65

8. DOCKET NO. 7-30-13-05

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 enter an order approving a non-governmental exceptional 40-acre wildcat drilling unit for the Craft-Laurie 16-6 #1 Well consisting of the East Half of the Southeast Quarter of Northwest Quarter and the West Half of the Southwest Quarter of Northeast Quarter of Section 16, Township 5 North, Range 5 East, Monroe County, Alabama, as an exception to Rule 400-1-2-.02(2)(a) of the *State Oil and Gas Board of Alabama Administrative Code*, which provides that such wells be drilled on units consisting of a governmental quarter-quarter section containing approximately 40 acres.

This petition is filed pursuant to Section 9-17-1, *et seq.* of the *Code of Alabama* (1975), as amended.

ACTION: Granted, 8/1/2013
ORDER NO. 2013-66

9. DOCKET NO. 7-30-13-06

Petition by DCOR, L.L.C., 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 *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), force pooling, without risk compensation, all tracts and interests in hydrocarbons produced in the Black Stone Minerals-Smith 23-10 #1 Well to be drilled on a 160-acre production unit in the Little Cedar Creek Field consisting of the Southeast Quarter of Section 23, Township 5 North, Range 13 East, Conecuh County, Alabama, and requiring all owners of tracts and interests in said unit to develop their tracts and interests as a unit, and appointing Petitioner as the operator of said unit.

ACTION: Dismissed without prejudice, 8/1/2013

ORDER NO. 2013-67

10. DOCKET NO. 7-30-13-07

Petition by ANKOR E&P HOLDINGS CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to (i) establish a new oil field in Escambia County, Alabama, to be known as the "Southeast Pleasant Hill Church Field," or such other name as the Board may deem appropriate; (ii) adopt special field rules for the new oil field, which establish spacing requirements and production allowables for wells drilled in the field; (iii) establish field limits for the new oil field; and (iv) approve the drilling unit for one well completed in the field as the final production unit.

Petitioner requests that the proposed Southeast Pleasant Hill Church Field be approved and established to consist of the East Half of the Southwest Quarter of the Southwest Quarter, the Southeast Quarter of the Southwest Quarter, and the West Half of the Southwest Quarter of the Southeast Quarter of Section 18, Township 2 North, Range 9 East; and the East Half of the Northwest Quarter of the Northwest Quarter, the Northeast Quarter of the Northwest Quarter, and the West Half of the Northwest Quarter of the Northeast Quarter of Section 19, Township 2 North, Range 9 East, all in Escambia County, Alabama, as underlain by the Norphlet oil pool, as defined below, including all strata that can be correlated therewith, all zones in communication therewith and all productive extensions thereof.

Petitioner further requests that the Norphlet oil pool in the proposed Southeast Pleasant Hill Church Field be defined as those strata of the Norphlet formation productive of hydrocarbons in the interval between 14,948 feet and 14,992 feet MD in the Craft-Black Stone 19-3 (2-9) # 1 Well, Permit No. 16767-B, with a surface location of 239 feet FSL and 741 feet FWL of Section 18, Township 2 North, Range 9 East, Escambia County, Alabama, as defined by the Platform Express Log for the Well, including all strata that can be correlated therewith, all zones in communication therewith and all productive extensions thereof.

Petitioner further requests that the 160-acre drilling unit for the Craft-Black Stone 19-3 (2-9) # 1 Well, Permit No. 16767-B, consisting of the East Half of the Southwest Quarter of the Southwest Quarter, the Southeast Quarter of the Southwest Quarter, and the West Half of the Southwest Quarter of the Southeast Quarter of Section 18, Township 2 North, Range 9 East; and the East Half of the Northwest Quarter of the Northwest Quarter, the Northeast Quarter of the Northwest Quarter, and the West Half of the Northwest Quarter of the Northeast Quarter of Section 19, Township 2 North, Range 9 East, all in Escambia County, Alabama, the Well having been completed in the Norphlet oil pool, be approved as the production unit for the Well.

Petitioner further requests spacing units of 160 contiguous surface acres and production allowables of 400 barrels of oil per day for wells drilled in the field.

The Petition is filed pursuant to Section 9-17-1 *et seq.*, *Code of Alabama 1975*, and other oil and gas conservation laws of the State of Alabama.

ACTION: Granted, 8/1/2013

ORDER NO. 2013-68

11. DOCKET NO. 7-30-13-08

Petition by ANKOR E&P HOLDINGS CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to (i) establish a new oil field in Escambia County, Alabama, to be known as the "Southwest Pleasant Hill Church Field," or such other name as the Board may deem appropriate; (ii) adopt special field rules for the new oil field, which establish spacing requirements and production allowables for wells drilled in the field; and (iii) establish field limits for the new oil field.

Petitioner requests that the proposed Southwest Pleasant Hill Church Field be approved and established to consist of the South half of the North half of the Northwest Quarter, the South half of the Northwest Quarter, and the North half of the North half of the Southwest Quarter of Section 14, Township 2 North, Range 8 East, Escambia County, Alabama, as underlain by the Norphlet oil pool, as defined below, including all strata that can be correlated therewith, all zones in communication therewith and all productive extensions thereof.

Petitioner further requests that the Norphlet oil pool in the proposed Southwest Pleasant Hill Church Field be defined as those strata of the Norphlet formation productive of hydrocarbons in the interval between 14,786 feet and 14,830 feet MD in the Craft-H.H. Wefel III Trust 14-5 #1 Well, Permit No. 16762-B, with a surface location of 1,908 feet FNL and 1,198 feet FWL of Section 14, Township 2

North, Range 8 East, Escambia County, Alabama, as defined by the Platform Express Log for the Well, including all strata that can be correlated therewith, all zones in communication therewith and all productive extensions thereof.

Petitioner further requests spacing units of 160 contiguous surface acres and production allowables of 200 barrels of oil per day for wells drilled in the field.

The Petition is filed pursuant to Section 9-17-1 *et seq.*, *Code of Alabama 1975*, and other oil and gas conservation laws of the State of Alabama.

This Petition is filed as a companion to a Petition requesting that the Board reform the 40-acre wildcat drilling unit for the Craft-H.H. Wefel III Trust 14-5 #1 Well, Permit No. 16762-B, and approve and establish a 160-acre production unit for the Well consisting of the South half of the North half of the Northwest Quarter, the South half of the Northwest Quarter, and the North half of the North half of the Southwest Quarter of Section 14, Township 2 North, Range 8 East, Escambia County, Alabama.

ACTION: Granted, 8/1/2013
ORDER NO. 2013-69

12. DOCKET NO. 7-30-13-09

Petition by ANKOR E&P HOLDINGS CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to reform the 40-acre wildcat drilling unit for the Craft-H.H. Wefel III Trust 14-5 #1 Well, Permit No. 16762-B (the "Well"), to a 160-acre production unit.

Petitioner proposes to reform the 40-acre wildcat drilling unit for the Well consisting of the East Half of the Southwest Quarter of the Northwest Quarter and the West Half of the Southeast Quarter of the Northwest Quarter of Section 14, Township 2 North, Range 8 East, Escambia County, Alabama, to a 160-acre production unit consisting of the South half of the North half of the Northwest Quarter, the South half of the Northwest Quarter, and the North half of the North half of the Southwest Quarter of Section 14, Township 2 North, Range 8 East, Escambia County, Alabama.

Petitioner requests that the Board approve and establish the proposed 160-acre production unit in accordance with the provisions of Sections 9-17-12(b), *Code of Alabama 1975*, relating to the establishment of drilling and production units, and other oil and gas conservation laws of the State of Alabama.

This Petition is filed as a companion to a Petition requesting that the Board establish a new oil field in Escambia County, Alabama, to be known as the "Southwest Pleasant Hill Church Field," which will encompass the proposed 160-acre production unit for the Well.

ACTION: Granted, 8/1/2013
ORDER NO. 2013-70

13. DOCKET NO. 7-30-13-10

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board, pursuant to Rule 400-3-4-.17(1) of the *State Oil and Gas Board of Alabama Administrative Code* and Section 9-17-1, *et seq.* of the *Code of Alabama (1975)*, as amended, to enter an order extending the temporarily abandoned status for certain wells in the Brookwood Coal Degasification Field, all located in Tuscaloosa County, Alabama, in the following areas, for a period of one (1) year:

Township 19 South, Range 7 West, Tuscaloosa County
Sections 20, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 and 36

Township 19 South, Range 8 West, Tuscaloosa County
Sections 15, 21, 23, 25, 26, 27, 28, 33, 34, 35 and 36

Township 20 South, Range 6 West, Tuscaloosa County
Sections 6 and 7

Township 20 South, Range 7 West, Tuscaloosa County
Sections 1, 3, 4, 7, 9, 10, 11, 12, 13, 15, 16, 17, 18, 19, 21, 22, 23, 27, 28 and 29

Township 20 South, Range 8 West, Tuscaloosa County
Sections 4, 10, 12, 13, 14, 15, 16, 23, 24 and 25

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

ACTION: Continued, 8/1/2013

14. 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: Granted, 8/1/2013

ORDER NO. 2013-71

15. 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

Permit No.
13389

Well Name
U.S. Steel Corporation 21-13 #1

Location
S21, T19S, R5W

ACTION: Continued, 8/1/2013

Hearings of the State Oil and Gas Board are public hearings, and members of the public are invited to attend and present their position concerning petitions. Requests to continue or oppose a petition should be received by the Board at least two (2) days prior to the hearing. The public should be aware that a petition may be set for hearing on the first day or second day of the hearing or may be continued to another hearing at a later date. We suggest, therefore, that prior to the hearing, interested parties contact the Board to determine the status of a particular petition. For additional information, you may contact the State Oil and Gas Board, P. O Box 869999, Tuscaloosa, Alabama 35486-6999, Telephone Number (205) 349-2852, Fax Number (205) 349-2861, or by email at petitions@ogb.state.al.us.