

RESULTS OF MEETING
STATE OIL AND GAS BOARD OF ALABAMA
MARCH 21, 2014 – SPECIAL HEARING

The State Oil and Gas Board of Alabama held a special hearing at 10:00 a.m. on Friday, March 21, 2014 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 the following petition(s):

1. DOCKET NO. 12-10-13-12A

Continued 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), establishing a partial field-wide oil Unit for the Gin Creek Field to be known as the "Gin Creek Oil Unit," consisting of the hereinafter described "Unit Area" in Choctaw County, Alabama, and requiring the operation of said Unit Area as a single partial field-wide Unit for pressure maintenance, enhanced recovery, 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 unnecessary wells and to protect correlative rights of interested parties.

The "Unitized Formation" within the Unit Area for the proposed Gin Creek Oil Unit means that portion of the subsurface underlying the Unit Area containing porous and hydrocarbon productive Smackover Formation, which includes the Smackover Oil Pool, the productive interval of which is found between the Dual Induction log depths of 13,570 feet and 13,600 feet in the Choctaw Lumber Co. 31-5 #1 Well, Permit No. 4546, located in the Southwest Quarter of the Northwest Quarter of Section 31, Township 10 North, Range 4 West, Choctaw County, Alabama, 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 the North Half, Southeast Quarter, and Northeast Quarter of Southwest Quarter of Section 31 and the South Half of Northwest Quarter, North Half of Southwest Quarter and Southwest Quarter of Southwest Quarter of Section 32, all in Township 10 North, Range 4 West, Choctaw County, Alabama, containing 720 acres, more or less.

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 partial field-wide Unit so as to require all owners or claimants of royalty, mineral, leasehold and all other leasehold interests within said partial 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, in accordance with Section 9-17-84, *Code of Alabama* (1975).

Said petition also seeks approval of the amendments to the Special Field Rules for the Gin Creek Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

ACTION: Granted, 3/21/2014.

ORDER NO: 2014-14

2. DOCKET NO. 2-11-14-12

Continued 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 Cedar Creek Oil Field to add the Southeast Quarter of Section 10, Township 4 North, Range 12 East, and the Northeast Quarter of Section 6, Township 4 North, Range 13 East, Conecuh County, Alabama to the field limits of said field.

This petition is filed as a companion to a petition bearing Docket No. 2-11-14-13 requesting approval of the proposed enlargement of the Unit Area of the Little Cedar Creek Oil Unit and a petition bearing Docket No. 2-11-14-14 requesting a redetermination of Unit Tract participation factors for the original Little Cedar Creek Oil Unit.

ACTION: Continued, 3/21/2014.

3. DOCKET NO. 2-11-14-13

Continued 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 approving the proposed enlargement of the "Unit Area" of the Little Cedar Creek Oil Unit in the Little Cedar Creek Field, Conecuh County, Alabama, to include the following: Southeast Quarter of Section 10; Northeast Quarter and South Half of Section 11; All of Sections 12 and 13; the North Half and the North Half of the Northwest Quarter of Southwest Quarter; the Northwest Quarter of the Southwest Quarter of Northwest Quarter of Southwest Quarter, and the North Half of the Northwest Quarter of Northeast Quarter of Southwest Quarter of Section 24, Township 4 North, Range 12 East; and the Northeast Quarter and South Half of Section 6; the West Half and Southeast Quarter of Section 7, the West Half and Northeast Quarter of Section 18; and the Northwest Quarter of Section 19, all in Township 4 North, Range 13 East, all in Conecuh County, Alabama; so that, as enlarged, the Unit Area consists of the Southeast Quarter of Section 10; Northeast Quarter and South

Half of Section 11; all of Sections 12, 13, 14, 15, and 16; South Half of Section 17; all of Sections 19, 20, 21, and 22; North Half and North Half of South Half of Section 23; North Half and the North Half of the Northwest Quarter of Southwest Quarter; the Northwest Quarter of the Southwest Quarter of Northwest Quarter of Southwest Quarter; and the North Half of the Northwest Quarter of Northeast Quarter of Southwest Quarter of Section 24; North Half of the North Half of Section 28; and the North Half of Sections 29 and 30, Township 4 North, Range 12 East, and the Northeast Quarter and South Half of Section 6; the West Half and Southeast Quarter of Section 7; West Half and Northeast Quarter of Section 18; and the Northwest Quarter of Section 19, all in Township 4 North, Range 13 East, all in Conecuh County, Alabama, in the Little Cedar Creek Field, containing approximately 10,050.96 acres, more or less.

This request is in accordance with Article 11 of the Unit Agreement and Section 9-17-85 of the Code of Alabama (1975), and said proposed enlargement is subject to approval by the owners of at least sixty-six and two-thirds percent (66 2/3%) in interests as costs are shared, and by at least sixty-six and two-thirds percent (66 2/3%) in interests of royalty owners in the area to be added to the Little Cedar Creek Oil Unit.

This petition is filed as a companion to a petition bearing Docket No. 2-11-14-12 requesting an amendment to Rule 1 of the Special Field Rules for the Little Cedar Creek Field to add to the field limits and a petition bearing Docket No. 2-11-14-14 requesting a redetermination of Unit Tract participation factors for the original Little Cedar Creek Oil Unit.

ACTION: Continued, 3/21/2014.

4. DOCKET NO. 2-11-14-14A

Continued Amended Petition by PRUET PRODUCTION CO., a foreign corporation authorized to do and doing business in the State of Alabama, requesting that the Board approve the re-determination, pursuant to Section 9-17-86 of the *Code of Alabama* (1975), for the Unit Area in the Little Cedar Creek Oil Unit as established by the State Oil and Gas Board. Further, Pruet requests that the Board enter an order finding that the contribution of the separately owned Tracts in the Little Cedar Creek Oil Unit is due to be revised by the subsequently discovered pore volume data from certain wells drilled in the Unit Area and approving the correspondingly altered Tract Participation of each Tract in said Unit Area.

This petition is filed as a companion to a petition bearing Docket No. 2-11-14-13 requesting approval of the proposed enlargement of the Unit Area of the Little Cedar Creek Oil Unit and a petition bearing Docket No. 2-11-14-12 requesting an amendment to Rule 1 of the Special Field Rules for the Little Cedar Creek Field to add to the field limits.

ACTION: Continued, 3/21/2014

5. DOCKET NO. 2-11-14-17

Continued Petition by SKLAR EXPLORATION COMPANY L.L.C., a Louisiana limited liability company, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama (“the Board”) to enter an order approving an exceptional 160-acre wildcat drilling unit for the proposed Cedar Creek Land & Timber 14-9 No. 1 Well, said unit to consist of the North Half of the Southeast Quarter and the South Half of the Northeast Quarter of Section 14, Township 3 North, Range 11 East, Escambia County, Alabama. 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 a 160-acre drilling unit be drilled on a governmental quarter-section.

ACTION: Granted, 3/21/2014

ORDER NO: 2014-15

6. DOCKET NO. 2-11-14-18

Continued Petition by SKLAR EXPLORATION COMPANY L.L.C., a Louisiana limited liability company, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama (“the Board”) to enter an order approving an exceptional 160-acre wildcat drilling unit for the proposed Cedar Creek Land & Timber 17-9 No. 1 Well, said unit to consist of the North Half of the Southeast Quarter and the South Half of the Northeast Quarter of Section 17, Township 3 North, Range 12 East, Escambia County, Alabama. 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 a 160-acre drilling unit be drilled on a governmental quarter-section.

ACTION: Granted, 3/21/2014

ORDER NO: 2014-16