

## RESULTS OF MEETING

The State Oil and Gas Board of Alabama held its regular hearings 10:00 a.m. on Tuesday, February 3, 2015, and at 10:00 a.m. on Thursday, February 5, 2015, in the Board Room of the State Oil and Gas Board, Walter B. Jones Hall, University of Alabama Campus, 420 Hackberry Lane, Tuscaloosa, Alabama, and heard the following petition(s):

### 1. DOCKET NO. 6-16-14-03A

Continued Petition by Mississippi Resources, LLC, doing business as MSR Operating, LLC, a Delaware 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 2 and Rule 3 of the Special Field Rules for the Southeast Chatom Field, Washington County, Alabama, to provide that a well may be drilled on a unit consisting of Three Hundred Twenty (320) contiguous surface acres upon which no other drilling or producible well is located in the same pool. Presently the Special Field Rules for the Southeast Chatom Field provide 640-acre spacing. In this Petition Mississippi Resources, LLC is requesting the Board to Amend the Special Field Rules to reduce the spacing to 320 acres. Under the proposed Rule 3, Petitioner proposes to amend the Special Field Rules for Southeast Chatom Field to reduce the well spacing to 320 acres and to provide for setbacks of 660 feet. Further, under the proposed Rule 3, the operator must show to the Board that all interests in the 640 acre unit have agreed to reform the unit to 320 acres and to drill an additional well.

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

**ACTION: Continued, 2/5/2015.**

### 2.DOCKET NO. 6-16-14-04A

Continued Petition by Mississippi Resources, LLC, doing business as MSR Operating, LLC, a Delaware 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 Section 9-17-1, et seq. CODE OF ALABAMA (1975), Rule 400-7-1-.01, et seq. of the State Oil and Gas Board of Alabama Administrative Code, and proposed Rule 3 of the Special Field Rules for the Southeast Chatom Field reforming the production unit for the Scott "A" 33-1 #1 Well, Permit No. 5100, from a 640-acre unit consisting of the East Half of Section 33 and the West Half of Section 34, Township 6 North, Range 4 West, to a 320-acre production unit comprised of the East Half of Section 33, Township 6 North, Range 4 West, Washington County, Alabama, in the Southeast Chatom Field. Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another well in the lands proposed to be eliminated from the current unit by formation of an additional 320 acre unit comprised of the West Half of said Section 34, Township 6 North, Range 4 West, Washington County, Alabama. Presently the Special Field Rules for Southeast Chatom Field provide 640-acre spacing. In this Petition Mississippi Resources, LLC is requesting the Board to Amend the Field Rules to reduce the spacing to 320 acres. Under the proposed Rule 3, Petitioner proposes to amend the Special Field Rules for Southeast Chatom Field to reduce the well spacing to 320 acres and to provide for setbacks of 660 feet. Further, under the proposed Rule 3, the operator must show to the Board that all interests in the 640 acre unit have agreed to reform the unit to 320 acres and to drill an additional well.

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

**ACTION: Continued, 2/5/2015.**

### 3.DOCKET NO. 6-16-14-05A

Continued Petition by Mississippi Resources, LLC, doing business as MSR Operating, LLC, a Delaware 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 exception to the spacing requirements as set out in Rule 3 of the Special Field Rules for the Southeast Chatom Field, for the Scott "A" 33-1 #1 Well, at its present bottom hole location of 40 feet from the east line and 652 feet from the north line of a proposed 320-acre unit consisting of the East Half of Section 33, Township 6 North, Range 4 West, Southeast Chatom Field, Washington County, Alabama in the Southeast Chatom Field. Presently the Special Field Rules for Southeast Chatom Field provide 640-acre spacing. In a related Petition Mississippi Resources, LLC is requesting the Board to amend the Field Rules to reduce the spacing to 320 acres. Under the proposed Rule 3, Petitioner proposes to amend the Special Field Rules for Southeast Chatom Field to reduce the well spacing to 320 acres and to provide for setbacks of 660 feet. Further, under the proposed Rule 3, the operator must show to the Board that all interests in the 640 acre unit have agreed to reform the unit to 320 acres and to drill an additional well.

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

This Petition is filed as a companion Petition to Docket No. 6-16-14-04 requesting that the unit for said well be reformed to a new 320-acre unit consisting of the East Half of Section 33, Township 6 North, Range 4 West, Washington County. After said unit is reformed, said well will be located 40 feet from the east line and 652 feet from the north of the unit, as reformed.

**ACTION: Continued, 2/5/2015.**

4. DOCKET NO. 6-16-14-06A

Continued Petition by Mississippi Resources, LLC, doing business as MSR Operating, LLC, a Delaware 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 exception to the spacing requirements as set out in Rule 3 of the Special Field Rules for the Southeast Chatom Field, so as to allow the Petitioner to drill the proposed Scott "A" 34-5 #2 Well, with a proposed bottom hole location to be no closer than 330 feet from the west line of the unit and no closer than 660 feet from the north line of the 320-acre unit for said Scott "A" 34-5 #2 Well, which is comprised of the West Half of Section 34, Township 6 North, Range 4 West, Washington County, Alabama in the Southeast Chatom Field. Presently the Special Field Rules for the Southeast Chatom Field provide 640-acre spacing. In a related Petition Mississippi Resources, LLC is requesting the Board to Amend the Field Rules to reduce the spacing to 320 acres. Under the proposed Rule 3, Petitioner proposes to amend the Special Field Rules for Southeast Chatom Field to reduce the well spacing to 320 acres and to provide for setbacks of 660 feet. Further, under the proposed Rule 3, the operator must show to the Board that all interests in the 640 acre unit have agreed to reform the unit to 320 acres and to drill an additional well.

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

**ACTION: Continued, 2/5/2015.**

5. DOCKET NO. 8-5-14-13

Continued Petition by ROUNDTREE & ASSOCIATES, 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 amending Rule 1 of the Special Field Rules for the Smiths Church Gas Field to add the South Half of Section 35, 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. 8-5-14-14 requesting approval of an exceptional 640-acre production unit for the Kelly 2-4 #1 Well; a petition bearing Docket No. 8-5-14-15 requesting approval of an exceptional location for the Kelly 2-4 #1 Well on said 640-acre unit; and a petition bearing Docket No. 8-5-14-16 requesting to force pool, with imposition of a risk compensation fee, all tracts and interests in hydrocarbons produced from the Smackover Formation from the Kelly 2-4 #1 Well.

**ACTION: Dismissed without prejudice, 2/5/2015.**

**ORDER NO. 2015-03**

6. DOCKET NO. 9-23-14-14A

Continued Amended 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 enter an order amending Rule 1 of the Special Field Rules for the Bluff Oil Field, Fayette County, Alabama, to add the Southwest Quarter of the Southwest Quarter of Section 5 and the East Half of the Northwest Quarter of Section 7, all in Township 14 South, Range 13 West, Fayette County, Alabama to the field limits of said Field.

This petition is filed as a companion to a petition bearing Docket No. 9-23-14-15A requesting to establish a partial field-wide Unit in the Bluff Oil Field to be known as the Northwest Bluff Oil Unit.

**ACTION: Granted, 2/5/2015.**

**ORDER NO. 2015-04**

7. DOCKET NO. 9-23-14-15A

Continued Amended 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 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 in the Bluff Oil Field to be known as the "Northwest Bluff Oil Unit," consisting of the hereinafter described "Unit Area" in Fayette County, Alabama, and requiring the operation of said Unit Area as a 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 Northwest Bluff Oil Unit means that strata of the Gilmer and Carter Formations productive of hydrocarbons in the interval between 1,853 feet and 2,120 feet in the #1 Sizemore Fowler 6-16, Well, Permit No. 4517, located in the Southeast Quarter of Section 6, Township 14 South, Range 13 West, Fayette County, Alabama, as defined by the Dual Induction log for said well, 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 Southwest Quarter of the Southwest Quarter of Section 5; the Southeast Quarter and the East Half of the Southwest Quarter of Section 6; the Northeast Quarter, the East Half of the Northwest Quarter and the North Half of the Southeast Quarter of Section 7; and the Northwest Quarter of Section 8, all in Township 14 South, Range 13 West, Fayette County, Alabama, in the Bluff Oil Field, containing approximately 760 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 Hughes Eastern Corporation 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 Bluff Oil Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

That Petitioner has filed a companion petition bearing Docket No. 9-23-14-14A requesting to amend Rule 1 of the Special Field Rules for the Bluff Oil Field to add the Southwest Quarter of the Southwest Quarter of Section 5 and the East Half of the Northwest Quarter of Section 7, all in Township 14 South, Range 13 West, Fayette County, Alabama, to the Field.

**ACTION: Granted, 2/5/2015.**

**ORDER NO. 2015-05**

8. DOCKET NO. 12-9-14-07

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 that the State Oil and Gas Board of Alabama enter an order (a) reforming the 40-acre drilling unit for the Cedar Creek Land & Timber 24-1 #1 Well, Permit No. 17058-B, consisting of the Northeast Quarter of the Northeast Quarter of Section 24, Township 3 North, Range 10 East, Escambia County, Alabama, to a 160-acre unit consisting of the Northeast Quarter of Section 24, Township 3 North, Range 10 East, Escambia County, Alabama, and (b) approving said unit as the permanent production unit for said well.

This petition is filed pursuant to Rule 400-7-1-.01, et seq., of the State Oil and Gas Board of Alabama Administrative Code and Section 9-17-1, et seq., of the Code of Alabama (1975).

This petition is filed as a companion to (a) a petition bearing Docket No. 12-9-14-10 requesting that the State Oil and Gas Board of Alabama establish the Kirkland Field in Escambia County, Alabama, and (b) a petition bearing Docket No. 12-9-14-11 requesting that the State Oil and Gas Board approve an exceptional location for the Cedar Creek Land & Timber 24-1 #1 Well.

**ACTION: Continued with the stipulation that the temporary test allowable be continued to the next meeting of the Board, 2/5/2015.**

9. DOCKET NO. 12-9-14-10

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 that the State Oil and Gas Board of Alabama enter an order establishing a new oil field in Escambia County, Alabama, to be named the Kirkland 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 24, Township 3 North, Range 10 East, Escambia County, Alabama.

The Smackover Oil Pool in the proposed Kirkland Field is defined as those strata of the Smackover Formation productive of hydrocarbons in the interval between 12,985 feet measured depth (MD) and 13,052 feet measured depth (MD) in the Cedar Creek Land & Timber 24-1 #1 Well, Permit No. 17058-B, as defined by the Schlumberger Platform Express Compensated Neutron / Lithodensity-Array Induction / Dipole Sonic / GR / SP / ML (8/21/2014) measured depth log for said well, including those strata which can be correlated therewith, 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.

This petition is filed pursuant to Rule 400-1-1-.07 and Rule 400-7-.01, et seq., of the State Oil and Gas Board of Alabama Administrative Code and Section 9-17-1, et seq., of the Code of Alabama (1975).

This petition is filed as a companion to (a) a petition bearing Docket No. 12-9-14-07 requesting that the State Oil and Gas Board of Alabama reform the Cedar Creek Land & Timber 24-1 #1 Well, Permit No. 17058-B, from a 40-acre wildcat drilling unit to a 160-acre permanent production unit and (b) a petition bearing Docket No. 12-9-14-11 requesting that the State Oil and Gas Board approve an exceptional location for the Cedar Creek Land & Timber 24-1 #1 Well.

**ACTION: Continued with the stipulation that the temporary test allowable be continued to the next meeting of the Board, 2/5/2015.**

10. DOCKET NO. 12-9-14-11

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 that the State Oil and Gas Board of Alabama enter an order approving an exceptional location for the Cedar Creek Land & Timber 24-1 #1 Well, Permit No. 17058-B, at a bottom hole location approximately 330 feet from the East line and 990 feet from the North line of a proposed 160-acre production unit consisting of the Northeast Quarter of Section 24, Township 3 North, Range 10 East, Escambia County, Alabama. Said location is an exception to the spacing rules proposed by Petitioner for the Kirkland Field, which require that such a well be located 660 feet from every exterior boundary of the production unit.

This petition is filed pursuant to Rule 400-1-2-.02(g), et seq., of the State Oil and Gas Board of Alabama Administrative Code and Section 9-17-12(c), et seq. of the Code of Alabama (1975).

This petition is filed as a companion to (a) a petition bearing Docket No. 12-9-14-10 requesting that the State Oil and Gas Board of Alabama establish the Kirkland Field in Escambia County, Alabama, and (b) a petition bearing Docket No. 12-9-14-07 requesting that the State Oil and Gas Board reform the Cedar Creek Land & Timber 24-1 #1 Well, Permit No. 17058-B, from a 40-acre wildcat drilling unit to a 160-acre permanent production unit.

**ACTION: Continued with the stipulation that the temporary test allowable be continued to the next meeting of the Board, 2/5/2015.**

11. DOCKET NO. 2-3-15-01

Petition by SKLAR EXPLORATION COMPANY, LLC, a Louisiana limited liability company authorized to do and doing business in the State of Alabama, requesting that the State Oil and Gas Board of Alabama (the "Board") enter an order, pursuant to Section 9-17-12(c) of the Code of Alabama (1975) and Rule 400-1-2-.02(2)(g) of the Alabama Administrative Code, approving an exceptional location for its Cedar Creek Land & Timber 3-4 #1 (R13E) well, Permit No. 17071-B, located on a 160-acre wildcat drilling unit consisting of the Northwest Quarter of Section 3, Township 3 North, Range 13 East, Conecuh County, Alabama (the "Unit"), the bottom hole location of said well to be located no closer than 660 feet from the West line of the Unit and no closer than 640 feet from the North line of the Unit, and for the permit to be revised accordingly. By Emergency Order No. 2014-132, dated December 11, 2014, the Board approved this exceptional location. Sklar will file a petition for a second emergency order approving the exceptional bottom hole location, since the order granting the first said petition is set to expire prior to the next regularly scheduled meeting of the Board. This petition will request that both emergency orders be made permanent.

**ACTION: Granted, 2/5/2015.**

**ORDER NO. 2015-06**

12. DOCKET NO. 2-3-15-02

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 Southeast Quarter of Section 11, Township 3 North, Range 13 East, Conecuh County, Alabama, as a 160-acre wildcat drilling unit ("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, 2/5/2015.**

**ORDER NO. 2015-07**

13. DOCKET NO. 2-3-15-03

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 enter an order terminating the Central Bluff Upper Carter Oil Unit in Fayette County, Alabama. Said Central Bluff Upper Carter Oil Unit consists of the Southeast Quarter of Section 7 and the North Half of the Southwest Quarter of Section 8, all in Township 14 South, Range 13 West, Fayette County, Alabama, containing 240 acres, more or less, underlain by the Upper Carter Sand Oil Pool. The Central Bluff Upper Carter Oil Unit was established by the Board in Order No. 92-22, issued on February 6, 1992, upon petition by Anderman/Smith Operating Company.

All wells in said Unit ceased producing in June 1995 and all wells have been plugged and abandoned, and the Board has released the bonds. In this Petition, Petitioner requests that the Central Bluff Upper Carter Oil Unit be terminated, and in a simultaneously filed petition bearing Docket No. 9-23-14-15A, Petitioner requests the Board to establish the Northwest Bluff Oil Unit, the Unit Area of which is to consist of a portion of what was the Central Bluff Upper Carter Oil Unit.

**ACTION: Granted, 2/5/2015.**

**ORDER NO. 2015-08**

14. DOCKET NO. 2-3-15-04

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 a 40-acre wildcat drilling unit consisting of the South Half of the Southwest Quarter of the Southwest Quarter of Section 14 and the North Half of the Northwest Quarter of the Northwest Quarter of Section 23, all in Township 4 North, Range 13 East, Conecuh County, Alabama, for the Thomas 23-4 #1 Well, as an exception to Rule 400-1-2-.02(2)(a) of the State Oil and Gas Board of Alabama Administrative Code. Said Rule requires that wells be drilled on drilling units consisting of a governmental quarter-quarter section containing approximately 40 acres.

**ACTION: Dismissed without prejudice, 2/5/2015.**

**ORDER NO. 2015-09**

15..DOCKET NO. 2-3-15-05

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 establishing a new oil field in Monroe County, Alabama, to be named the Morning Star Field, or such other name as the Board deems proper, and to adopt Special Field Rules therefor. The proposed field consists of the North Half of the Southwest Quarter and the South Half of the Northwest Quarter of Section 24, Township 5 North, Range 4 East, Monroe County, Alabama, underlain by the Norphlet Oil Pool.

The Norphlet Oil Pool in said Field is defined as those strata productive of hydrocarbons between the interval of 14,524 feet measured depth (MD) and 14,655 feet measured depth (MD) in the Craft-Northrop 24-12 #1 Well, Permit No. 17076-B, with a surface location 1,280 feet from the West line and 2,325 feet from the South line of Section 24, Township 5 North, Range 4 East, Monroe County, Alabama, as indicated on the Platform Express log for said well, including those strata which can be correlated therewith, and all zones in communication therewith and all productive extensions thereof.

Petitioner has filed a companion petition bearing Docket No. 2-3-15-06 requesting to reform the 40-acre wildcat drilling unit for the Craft-Northrop 24-12 #1 Well to a 160-acre production unit in the proposed Morning Star Field consisting of the North Half of the Southwest Quarter and the South Half of the Northwest Quarter of Section 24, Township 5 North, Range 4 East, Monroe County, Alabama.

Petitioner requests well spacing of 160 acres, and also requests the establishment of production allowables for said field. Additionally, Petitioner requests that the proposed reformed 160-acre unit described hereinabove for the Craft-Northrop 24-12 #1 Well be approved as the permanent production unit for said well.

This petition is filed pursuant to Rule 400-1-1-.07 and Rule 400-7-1, et seq., of the State Oil and Gas Board of Alabama Administrative Code.

**ACTION: Granted, 2/5/2015.**

**ORDER NO. 2015-10**

16. DOCKET NO. 2-3-15-06

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 of Alabama to enter an order reforming the 40-acre wildcat drilling unit for the Craft-Northrop 24-12 #1 Well, Permit No. 17076-B, consisting of the Northeast Quarter of the Southwest Quarter of Section 24, Township 5 North, Range 4 East, Monroe County, Alabama, to a 160-acre production unit consisting of the North Half of the Southwest Quarter and the South Half of the Northwest Quarter of Section 24, Township 5 North, Range 4 East, Monroe County, Alabama, in the proposed Morning Star Field.

This Petition is filed as a companion to a Petition bearing Docket No. 2-3-15-05 requesting that a new oil field be established in Monroe County, Alabama, to be known as the Morning Star Field.

**ACTION: Granted, 2/5/2015.**

**ORDER NO. 2015-11**

17. DOCKET NO. 2-3-15-07

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending Rule 4C of the Special Field Rules pertaining to gob wells for the Brookwood Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, to define the area of common mineral ownership referred to therein for gob wells as common mineral ownership within the 40-acre unit or the 80-acre upon which the gob well is to be permitted and drilled.

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

**ACTION: Dismissed without prejudice, 2/5/2015.**

**ORDER NO. 2015-12**

18. DOCKET NO. 2-3-15-08

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending Rule 4C of the Special Field Rules pertaining to gob wells for the Oak Grove Coal Degasification Field, Tuscaloosa and Jefferson Counties, Alabama, to define the area of common mineral ownership referred to therein for gob wells as common mineral ownership within the 40-acre unit or the 80-acre unit upon which the gob well is to be permitted and drilled.

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

**ACTION: Dismissed without prejudice, 2/5/2015.**

**ORDER NO. 2015-13**