

RESULTS
STATE OIL AND GAS BOARD OF ALABAMA
BOARD MEETING
JUNE 16 & 23, 2008

1. DOCKET NO. 9-5-07-5

Continued petition by SUNDOWN ENERGY, L.P., a foreign limited partnership authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving the reformation of a 40-acre wildcat drilling unit for the Weyerhaeuser 36-12 No. 1 Well, Permit No. 15312, consisting of the Northwest Quarter of the Southwest Quarter of Section 36, Township 16 South, Range 16 West, Lamar County, Alabama, to a 320-acre production unit in the McGee Lake Field consisting of the South Half of Section 36, Township 16 South, Range 16 West, Lamar County, Alabama.

This petition is filed as a companion to a petition bearing Docket No. 9-5-07-06 requesting approval of an exceptional location for the referenced well.

BOARD ACTION: Dismissed 6-23-08
ORDER NO. 2008-79

2. DOCKET NO. 9-5-07-6

Continued petition by SUNDOWN ENERGY, L.P., a foreign limited partnership 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 Weyerhaeuser 36-12 No. 1 Well, Permit No. 15312, on a proposed reformed 320-acre production unit consisting of the South Half of Section 36, Township 16 South, Range 16 West, Lamar County, Alabama, in the McGee Lake Field, as an exception to Rule 3(b) of the Special Field Rules for said Field which requires that wells be located at least 660 feet from every exterior boundary of the drilling unit. The location of the referenced well on said proposed reformed 320-acre unit is 910 feet from the North line and 330 feet from the West line of said 320-acre unit and, as such, will be an exception to said Rule 3(b).

This petition is filed as a companion to a petition bearing Docket No. 9-5-07-05 requesting approval of the reformation of a 40-acre wildcat drilling unit for the referenced well to a 320-acre production unit in the McGee Lake Field.

BOARD ACTION: Dismissed 6-23-08
ORDER NO. 2008-80

3. DOCKET NO. 3-12-08-5

Continued petition by WHITE TAIL EXPLORATION, L.L.C., an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status for the William Smith 9-2 #1 Well, Permit No. 12180, located on a 40-acre wildcat drilling unit consisting of West Half of the Northwest Quarter of the Northeast Quarter and the East Half of the Northeast Quarter of the Northwest Quarter of Section 9, Township 23 North, Range 14 East, Chilton County, Alabama, in accordance with Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: Continued on 6-23-08 with the stipulation that the temporarily abandoned status be extended to the next regularly scheduled meeting of the Board.

4. DOCKET NO. 3-12-08-14

Continued petition by SAGA PETROLEUM LIMITED LIABILITY COMPANY OF COLORADO, a Colorado 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 reforming the unit for the CLC 24-5-18, Permit No. 11864-C, from an 80-acre unit consisting of the West Half of the Northwest Quarter of Section 24, Township 19 South, Range 9 West, Tuscaloosa County, Alabama in the Deerlick Creek Coal Degasification Field, to an 40-acre unit consisting of the Southwest Quarter of the Northwest Quarter of Section 24, Township 19 South, Range 9 West, Tuscaloosa County, Alabama, in the Deerlick Creek Coal Degasification Field. Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another coalbed methane well in the lands proposed

to be eliminated from the current unit by formation of an additional 40 acre unit comprised of the Northwest Quarter of the Northwest Quarter of said Section 24, Township 19 South, Range 9 West, Tuscaloosa County, Alabama.

BOARD ACTION: Continued 6-23-08

5. DOCKET NO. 3-12-08-16

Continued petition by SAGA PETROLEUM LIMITED LIABILITY COMPANY OF COLORADO, a Colorado 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 reforming the unit for the RGGG 30-16-59, Permit No. 13953-C, from an 80-acre unit consisting of the East Half of the Southeast Quarter of Section 30, Township 19 South, Range 5 West, Jefferson County, Alabama in the Oak Grove Coal Degasification Field, to an 40-acre unit consisting of the Southeast Quarter of the Southeast Quarter of Section 30, Township 19 South, Range 5 West, Jefferson County, Alabama, in the Oak Grove Coal Degasification Field. Although Petitioner requests the Board to eliminate certain lands from the present spacing unit, Petitioner proposes to drill another coalbed methane well in the lands proposed to be eliminated from the current unit by formation of an additional 40 acre unit comprised of the Northeast Quarter of the Southeast Quarter of said Section 30, Township 19 South, Range 5 West, Jefferson County, Alabama.

BOARD ACTION: Continued 6-23-08

6. DOCKET NO. 4-14-08-1

Petition by ELAINE P. MORGAN to alter/amend or vacate that portion of Order No. 2005-80 granting force pooling, with imposition of risk compensation, all tracts and interests in hydrocarbons produced from the Smackover Formation in the Shiver 6-14 No. 1 Well drilled on a 640-acre unit consisting of all of Section 6, Township 1 North, Range 7 East, Big Escambia Creek Field, Escambia County, Alabama. Petitioner further requests that such Order be altered amended and/or vacated to the extent that no risk compensation fee may be charged against the interest of the non-consenting owner, Elaine P. Morgan.

BOARD ACTION: Denied 6-23-08

ORDER NO. 2008-81

7. DOCKET NO. 4-14-08-2

Continued petition by SUNDOWN ENERGY, L.P., a foreign limited partnership 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 Christian Chapel Gas Field to add the West Half of Section 12, Township 16 South, Range 15 West, Lamar County, Alabama, to the field limits of said Field.

Petitioner is also requesting that the production unit for the J.W. Newman et al 12-13 #1 Well, Permit No. 11607-A, be made permanent.

BOARD ACTION: Dismissed 6-23-08

ORDER NO. 2008-82

8. DOCKET NO. 4-14-08-7A

Continued amended petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 3(b) of the Special Field Rules for the Coal Fire Creek Field, Pickens County, Alabama, for the exceptional location of the Cunningham 16-12 #2 Well, Permit No. 5881. Petitioner proposes to re-enter and complete said well on a 320-acre unit consisting of the West Half of Section 16, Township 18 South, Range 14 West, Pickens County, Alabama, at a location 2,300 feet from the South line and 330 feet from the West line of said Section 16. Said Rule 3(b) requires that wells drilled in said Field be located at least 660 feet from every exterior boundary of the drilling unit, and the proposed location of the referenced well is only 330 feet from the West line of the 320-acre drilling unit for said well.

In the proposed re-entry, Petitioner desires to test the Benton Sand Gas Pool as defined in the Special Field Rules for the Coal Fire Creek Field and also test the Tuscomb and Millerella Sands. Excluded from the re-entry tests are the Carter, Lewis and Fayette Sand Gas Pools. There are two producing wells in the said West Half of Section 16, one producing from the Lewis Sand Gas Pool and another producing from the Fayette Sand Gas Pool with one well in the Carter Sand Gas pool that is no longer producing.

BOARD ACTION: Continued 6-23-08

9. DOCKET NO. 4-14-08-8B

Continued amended petition by SUNDOWN ENERGY, L.P., a foreign limited partnership 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 gas field to be known as the North Kennedy Field, or by such other name as the Board deems appropriate and to adopt Special Field Rules therefor. The proposed field, as underlain by the Lewis and Millerella Sand Gas Pools, consists of the South Half of Section 30, Township 16 South, Range 14 West, Lamar County, Alabama.

The Lewis Sand Gas Pool in the proposed North Kennedy Field should be defined as those strata productive of hydrocarbons in the interval between 4,898 feet and 4,922 feet in the Miller #30-14 No. 1 Well, Permit No. 4392-A, located on a 320-acre unit consisting of the South Half of Section 30, Township 16 South, Range 14 West, Lamar County, Alabama, in the proposed North Kennedy Field, as indicated on the Array Resistivity Log of the said well.

The Millerella Sand Gas Pool in the proposed North Kennedy Field should be defined as those strata productive of hydrocarbons in the interval between 4,359 feet and 4,369 feet in the Miller #30-14 No. 1 Well, Permit No. 4392-A, located on the above-described 320-acre unit.

Petitioner is requesting well spacing of 320 acres, commingling of production from the Millerella and Lewis Sand Gas Pools, and is also requesting the establishment of the permanent production unit as described above for the Miller #30-14 No. 1 Well and the establishment of allowables for said field.

BOARD ACTION: Granted 6-23-08
ORDER NO. 2008-83

10. DOCKET NO. 5-12-08-3

Petition by GEOMET, INC., a Delaware corporation, requesting the State Oil and Gas Board to enter an order approving a 160-acre wildcat drilling unit consisting of the Southwest Quarter of Section 5, Township 12 South, Range 3 West, Cullman County, Alabama, for the drilling of a horizontal well, in accordance with Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code which provides that a well may be drilled on a drilling unit consisting of a governmental quarter section containing approximately 160 acres.

This petition is filed as a companion to a petition bearing Docket No. 5-12-08-4 requesting approval of an exceptional location for the referenced horizontal well on the proposed 160-acre wildcat drilling unit and a petition bearing Docket No. 5-12-08-5 requesting an exception to Rule 400-1-4-.09(2)(c) pertaining to the setting and cementing of production casing.

BOARD ACTION: Continued 6-23-08

11. DOCKET NO. 5-12-08-4

Petition by GEOMET INC., a Delaware corporation, requesting the State Oil and Gas Board to enter an order approving an exceptional location for a horizontal well to be drilled on a 160-acre wildcat drilling unit consisting of the Southwest Quarter of Section 5, Township 12 South, Range 3 West, Cullman County, Alabama, at a location no closer than 330 feet from every exterior boundary of the 160-acre wildcat drilling unit, as an exception to Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code which requires that wells be drilled at least 660 feet from every exterior boundary of the drilling unit. Petitioner proposes to drill a vertical well into the Chattanooga Shale, evaluate the formation, and drill horizontally in the Chattanooga Shale such that the horizontal well will be no closer than 330 feet from every exterior boundary of the drilling unit, and, as such, will be an exception to said Rule.

The petition is filed as a companion to a petition bearing Docket No. 5-12-08-3 requesting approval of a 160-acre wildcat drilling unit and a petition bearing Docket No. 5-12-08-5 requesting an exception to Rule 400-1-4-.09(2)(c) pertaining to the setting and cementing of production casing.

BOARD ACTION: Continued 6-23-08

12. DOCKET NO. 5-12-08-5

Petition by GEOMET, INC., a Delaware corporation, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 400-1-4-.09(2)(c) of the State Oil and Gas Board of Alabama Administrative Code pertaining to the requirements for setting and cementing production casing for a well to be drilled horizontally on a 160-acre wildcat drilling unit consisting of the Southwest Quarter of Section 5, Township 12 South, Range 3 West, Cullman County, Alabama.

This petition is filed as a companion to a petition bearing Docket No. 5-12-08-3 requesting approval of the above-described 160-acre wildcat drilling unit and a petition bearing Docket No. 5-12-08-4 requesting approval of an exceptional location for a well to be drilled horizontally on the proposed 160-acre wildcat drilling unit.

BOARD ACTION: Continued 6-23-08

13. DOCKET NO. 5-12-08-7A

Amended petition by SUNDOWN ENERGY, L.P., a foreign limited partnership authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to amend Rule 2 of the Special Field Rules for the Star Gas Field, Lamar County, Alabama, to add the Benton Sand Gas Pool, to be construed to mean those strata of the Benton Sand productive of hydrocarbons in the interval between 3,393 feet and 3,402 feet in the James M. Cole 17-12 #1 Well, Permit No. 2870-A, located 1,995 feet from the South line and 735 feet from the West line of Section 17, Township 16 South, Range 15 West, Lamar County, Alabama, as indicated on the Array Induction Log of said well, and including those strata productive of hydrocarbons which can be correlated therewith.

BOARD ACTION: Granted 6-23-08

ORDER NO. 2008-84

14. DOCKET NO. 5-12-08-13

Petition by DURANGO OPERATING, LLC, a Mississippi limited liability company, authorized to do business in the State of Alabama, requesting the State Oil and Gas Board to enter an order classifying the following wells all located in the Foshee Field, Escambia County, Alabama, as temporarily abandoned for a period of one (1) year:

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
5213	A.T.I.C. 34-9 #1	S34, T2N-R8E
5335	Culpepper 34-7 #1	S34, T2N-R8E
5167	A.T.I.C. 35-13 #2	S35, T2N-R8E
5062-A	A.T.I.C. 35-14 #1	S35, T2N-R8E

Said wells are temporarily abandoned. Petitioner is requesting the Board to classify said wells as temporarily abandoned for a period of one (1) year in accordance with Rule 400-1-4-.17 of the State Oil and Gas Board of Alabama Administrative Code because all of the wells have future utility in Durango Operating, LLC's operations in Foshee Field, Escambia County, Alabama and should not be plugged.

BOARD ACTION: Continued on 6-23-08 with the stipulation that the temporarily abandoned status be extended to the next regularly scheduled meeting of the Board.

15. DOCKET NO. . 5-12-08-14

Petition by DURANGO OPERATING, LLC, a Mississippi limited liability company, authorized to do business in the State of Alabama, requesting the State Oil and Gas Board to enter an order classifying the Cedar Creek Land and Timber Co. 12-9 #1, Permit # 8685, located in Section 12, Township 1 North, Range 8 East in Osaka Field, Escambia County, Alabama, as temporarily abandoned for a period of one (1) year:

Said well is temporarily abandoned. Petitioner is requesting the Board to classify said well as temporarily abandoned for a period of one (1) year in accordance with Rule 400-1-4-.17 of the State Oil and Gas Board of Alabama Administrative Code because said well has future utility in Durango Operating, LLC's operations in Osaka Field, Escambia County, Alabama and should not be plugged.

BOARD ACTION: Continued on 6-23-08 with the stipulation that the temporarily abandoned status be extended to the next regularly scheduled meeting of the Board.

16. DOCKET NO. 5-12-08-15

Petition by DURANGO OPERATING, LLC, a Mississippi limited liability company, authorized to do business in the State of Alabama, requesting the State Oil and Gas Board to enter an order classifying the R. E. Loper et al 12-11 #1, Permit # 2885, located in Section 12, Township 1 North, Range 8 East in Pollard Field, Escambia County, Alabama, as temporarily abandoned for a period of one (1) year:

Said well is temporarily abandoned. Petitioner is requesting the Board to classify said well as temporarily abandoned for a period of one (1) year in accordance with Rule 400-1-4-.17 of the State Oil and Gas Board of Alabama Administrative Code because said well has future utility in Durango Operating, LLC's operations in Pollard Field, Escambia County, Alabama and should not be plugged.

BOARD ACTION: Continued on 6-23-08 with the stipulation that the temporarily abandoned status be extended to the next regularly scheduled meeting of the Board.

17. DOCKET NO. 5-12-08-16

Petition by DURANGO OPERATING, LLC, a Mississippi limited liability company, authorized to do business in the State of Alabama, requesting the State Oil and Gas Board to enter an order classifying the following wells all located in West Foshee Field, Escambia County, Alabama, as temporarily abandoned for a period of one (1) year:

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
5475	A.T.I.C. 33-7 #3	S33, T2N-R8E
5359	A.T.I.C. 33-8 #1	S33, T2N-R8E
5528	A.T.I.C. Container 33-3 #1	S33, T2N-R8E

Said wells are temporarily abandoned. Petitioner is requesting the Board to classify said wells as temporarily abandoned for a period of one (1) year in accordance with Rule 400- 1-4-.17 of the State Oil and Gas Board of Alabama Administrative Code because all of the wells have future utility in Durango Operating, LLC's operations in West Foshee Field, Escambia County, Alabama

BOARD ACTION: Continued on 6-23-08 with the stipulation that the temporarily abandoned status be extended to the next regularly scheduled meeting of the Board.

18. DOCKET NO. 6-16-08-1A

Amended petition by MIDROC OPERATING COMPANY, 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 force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced in a well to be drilled on a 160-acre wildcat drilling unit consisting of the Northeast Quarter of Section 27, Township 4 North, Range 13 East, Conecuh County, Alabama.

This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: Granted 6-23-08
ORDER NO. 2008-85

19. DOCKET NO. 6-16-08-2

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving an exceptional 320-acre wildcat drilling unit for the proposed Lamb 1-3 No. 1 Well consisting of the North Half of Section 1, Township 23 North, Range 3 East, Greene 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 a well may be drilled on a drilling unit consisting of a governmental quarter-quarter section consisting of approximately 40 acres.

This petition is filed as a companion to a petition bearing Docket No. 6-16-08-3 requesting forced pooling, without imposition of a risk compensation penalty.

BOARD ACTION: Granted 6-23-08
ORDER NO. 2008-86

20. DOCKET NO. 6-16-08-3

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced in the proposed Lamb 1-3 No. 1 Well to be drilled on an exceptional 320-acre wildcat drilling unit consisting of the North Half of Section 1, Township 23 North, Range 3 East, Greene County, Alabama.

This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama Administrative Code.

This petition is filed as a companion to a petition bearing Docket No. 6-16-08-2 requesting approval of the above-described exceptional 320-acre wildcat drilling unit for the referenced well.

BOARD ACTION: Granted 6-23-08 and ordered that Board Order No. 2007-193 be rescinded.
ORDER NO. 2008-87

21. DOCKET NO. 6-16-08-4

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending Rule 2 of the Special Field Rules for the Oak Grove Coal Degasification Field, Jefferson and Tuscaloosa Counties, Alabama, to delete the East Half and the Southwest Quarter of Section 22, Township 19 South, Range 8 West, Tuscaloosa County, Alabama, from the field limits.

BOARD ACTION: Granted 6-23-08
ORDER NO. 2008-88

22. DOCKET NO. 6-16-08-5

Petition by BLACK WARRIOR METHANE CORP., an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending Rule 2 of the Special Field Rules for the Brookwood Coal Degasification Field, Jefferson and Tuscaloosa Counties, Alabama, to add the East Half and the Southwest Quarter of Section 22, Township 19 South, Range 8 West, Tuscaloosa County, Alabama, to the field limits.

BOARD ACTION: Granted 6-23-08
ORDER NO. 2008-89

23. DOCKET NO. 6-16-08-6

Petition by SHELL OFFSHORE INC. (“Shell”) a corporation authorized to do and doing business in the State of Alabama and Devon Energy Production Company, L.P. (“Devon”), an Oklahoma limited partnership, requesting the State Oil and Gas Board to grant approval of the commingling of State and federal natural gas streams. Devon is the operator of Mobile Area Block 826 OCS G-26176 Well Number 001, from which federal gas resources will be commingled with State gas resources originating from Shell’s Fairway Field, Mobile County, Alabama. The point the commingling will occur will be the Mobile Bay Platform 113A, downstream of Shell’s Fairway Field gas allocation meter. Petitioners aver that the processing of the federal gas resources will not change or affect Shell’s current State allocation and reporting methodology. 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.

BOARD ACTION: Continued 6-23-08

24. DOCKET NO. 6-16-08-7

Petition by PETRONOVA, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order establishing a new coal degasification field in St. Clair County, Alabama, to be named the Wattsville Coal Degasification Field, or such other name as the Board deems proper, and to adopt Special Field Rules therefor. The proposed field, as underlain by the Pottsville Coal Interval, consists of the following described parcels lying in St. Clair County, Alabama, and contains 3,840 acres more or less:

Township 15 South, Range 4 East
All of Sections 29, 31 and 32

Township 16 South, Range 3 East
All of Sections 1 and 12

Township 16 South, Range 4 East
All of Section 6

The productive interval for the Wattsville Coal Degasification Field is defined by the Sloss 31-10-003 Well, Permit No. 15625-C, as those strata containing occluded gas correlative to the coalbeds encountered in the interval between 460 feet and 1,210 feet in said well, as indicated on the High Resolution Density Log of said well, and all zones in communication therewith and all productive extensions thereof. Petitioner is requesting variable spacing for coal degasification wells of approximately 40 contiguous acres consisting of a governmental quarter-quarter section or approximately 80 contiguous acres consisting of two adjacent governmental quarter-quarter sections so as to provide for maximum efficient recovery of the occluded natural gas. Petitioner is also requesting the establishment of allowables for said field.

BOARD ACTION: Granted 6-23-08
ORDER NO. 2008-90

25. DOCKET NO. 6-16-08-8

Petition by PETRONOVA, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order approving an exceptional 80-acre wildcat drilling unit for the proposed Sloss 31-08-001 Well consisting of the South Half of the Northeast Quarter of Section 31, Township 15 South, Range 4 East, St. Clair County, Alabama, as an exception to Rule 400-3-2-.02(2)(a) of the State Oil and Gas Board of Alabama Administrative Code, which requires that wells be drilled on a governmental quarter-quarter section containing approximately 40 acres.

This petition is filed as a companion to a petition bearing Docket No. 6-16-08-9 requesting approval of an exceptional location for the referenced well on the proposed exceptional 80-acre wildcat drilling unit.

BOARD ACTION: Dismissed 6-23-08
ORDER NO. 2008-91

26. DOCKET NO. 6-16-08-9

Petition by PETRONOVA, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order approving an exceptional location for the proposed Sloss 31-08-001 Well, to be drilled on a proposed exceptional 80-acre wildcat drilling unit consisting of the South Half of the Northeast Quarter of Section 31, Township 15 South, Range 4 East, St. Clair County, Alabama, as an exception to Rule 400-3-2-.02(2)(a) of the State Oil and Gas Board of Alabama Administrative Code which requires that wells be drilled at least 330 feet from every exterior boundary of the drilling unit. The proposed location for the referenced well is 213 feet from the North line and 470 feet from the East line of said 80-acre unit, and as such, is an exception to said Rule.

The petition is filed as a companion to a petition bearing Docket No. 6-16-08-8 requesting approval of an exceptional 80-acre wildcat drilling unit for the referenced well.

BOARD ACTION: Dismissed 6-23-08
ORDER NO. 2008-92

27. DOCKET NO. 6-16-08-10

Petition by PETRONOVA, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order reforming the unit for the Sloss 31-14-007 Well, Permit No. 15434-C, from a 40-acre wildcat drilling unit consisting of the Southeast Quarter of the Southwest Quarter of Section 31, Township 15 South, Range 4 East, St. Clair County, Alabama, to an 80-acre unit consisting of the South Half of the Southwest Quarter of said Section 31.

BOARD ACTION: Granted 6-23-08

ORDER NO. 2008-93

28. DOCKET NO. 6-16-08-11

Petition by PETRONOVA, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order reforming the unit for the Sloss 06-02-006 Well, Permit No. 15435-C, from a 40-acre wildcat drilling unit consisting of the Northwest Quarter of the Northeast Quarter of Section 6, Township 16 South, Range 4 East, St. Clair County, Alabama, to an 80-acre unit consisting of the North Half of the Northeast Quarter of said Section 6.

BOARD ACTION: Granted 6-23-08

ORDER NO. 2008-94

29. DOCKET NO. 6-16-08-12

Petition by PETRONOVA, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order reforming the unit for the Sloss 31-10-003 Well, Permit No. 15625-C, from a 40-acre wildcat drilling unit consisting of the Northwest Quarter of the Southeast Quarter of Section 31, Township 15 South, Range 4 East, St. Clair County, Alabama, to an 80-acre unit consisting of the North Half of the Southeast Quarter of said Section 31.

BOARD ACTION: Granted 6-23-08

ORDER NO. 2008-95

30. DOCKET NO. 6-16-08-13

Petition by PETRONOVA, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order reforming the unit for the Sloss 31-16-005 Well, Permit No. 15629-C, from a 40-acre wildcat drilling unit consisting of the Southeast Quarter of the Southeast Quarter of Section 31, Township 15 South, Range 4 East, St. Clair County, Alabama, to an 80-acre unit consisting of the South Half of the Southeast Quarter of said Section 31.

BOARD ACTION: Granted 6-23-08

ORDER NO. 2008-96

31. DOCKET NO. 6-16-08-14

Petition by PETRONOVA, LLC, an Alabama limited liability company, requesting the State Oil and Gas Board to enter an order approving an exceptional location for the proposed Sloss 31-08-001 Well, to be drilled on a 40-acre wildcat drilling unit consisting of the Southeast Quarter of the Northeast Quarter of Section 31, Township 15 South, Range 4 East, St. Clair County, Alabama, as an exception to Rule 400-3-2-.02(2)(a) of the State Oil and Gas Board of Alabama Administrative Code which requires that wells be drilled at least 330 feet from every exterior boundary of the drilling unit. The proposed location for the referenced well is 213 feet from the North line and 470 feet from the East line of said 40-acre wildcat drilling unit, and as such, is an exception to said Rule.

BOARD ACTION: Dismissed 6-23-08

ORDER NO. 2008-97

32. DOCKET NO. 6-16-08-15

Petition by ENERGEN RESOURCES CORPORATION, an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving exceptions to provisions contained in Rules 400-1-4-.09(2)(c) and 400-1-6-.01 of the State Oil and Gas Board of Alabama Administrative Code pertaining to the requirements for setting and cementing production casing and production of flowing wells through tubing anchored by a packer for the proposed Lamb 1-3 No. 1 Well, to be drilled on a 320-acre wildcat drilling unit consisting of the North Half of Section 1, Township 23 North, Range 3 East, Greene County, Alabama.

BOARD ACTION: Granted 6-23-08

ORDER NO. 2008-98

33. DOCKET NO. 6-16-08-16B

Amended petition by BENJAMIN V. COODY, d/b/a Pete's Pumping Service, requesting the State Oil and Gas Board to enter an order force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced from the Eula Jones #1 Well, Permit No. 1288, located on a 40-acre unit consisting of the Northeast Quarter of the Southwest Quarter of Section 2, Township 10 North, Range 3 West, Choctaw County, Alabama, in the Gilbertown Oil Field.

This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama Administrative Code.

The public is further advised that, pursuant to this hearing, the applicable provision of the Code of Alabama (1975), and the State Oil and Gas Board of Alabama Administrative Code, the Board will enter such Order or Orders as in its judgment may be necessary in accordance with the evidence submitted and accepted.

BOARD ACTION: Continued 6-23-08

34. DOCKET NO. 6-16-08-17

Petition by EL PASO E & P COMPANY, L.P., a Delaware limited partnership, authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama to enter an order force pooling, without risk compensation, all tracts and interests in coalbed methane produced from the Pottsville formation in an 80 acre drilling unit for the proposed Wood 13-15-330 Well, having a unit consisting of all of the West Half of the Southeast Quarter, Section 13, Township 19 South, Range 10 West, Tuscaloosa County, Alabama in the Blue Creek Coal Degasification Field. This petition is in accordance with Section 9-17-13, ALABAMA CODE (1975), as amended, and Rules 400-7-1 and 400-7-2 of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: Dismissed 6-23-08

ORDER NO. 2008-99

35. DOCKET NO. 6-16-08-18

Petition by EL PASO E & P COMPANY, L.P., a Delaware limited partnership, authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama to enter an order force pooling with risk compensation, all tracts and interests in coalbed methane produced from the Pottsville formation in an 80 acre drilling unit for the proposed Lee 26-03-197 Well, having a unit consisting of all of the East Half of the Northwest Quarter, Section 26, Township 18 South, Range 10 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field. This petition is in accordance with Section 9-17-13, ALABAMA CODE (1975), as amended, and Rules 400-7-1 and 400-7-2 of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: Continued 6-23-08

36. DOCKET NO. 6-16-08-19

Petition by EL PASO E & P COMPANY, L.P., a Delaware limited partnership, authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama to enter an order force pooling with risk compensation, all tracts and interests in coalbed methane produced from the Pottsville formation in a 40 acre drilling unit for the proposed Lee 26-05-340 Well, having a unit consisting of all of the Southwest Quarter of the Northwest Quarter, Section 26, Township 18 South, Range 10 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field. This petition is in accordance with Section 9-17-13, ALABAMA CODE (1975), as amended, and Rules 400-7-1 and 400-7-2 of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: Dismissed 6-23-08

ORDER NO. 2008-100

37. DOCKET NO. 6-16-08-20

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 approving an exceptional bottom hole location for a sidetrack of the Craft-Ralls 4-2 No. 1 well, Permit No. 15614-B, on a wildcat 160-acre unit consisting of the Northeast Quarter of Section 4, Township 4 North, Range 13 East, Conecuh County, Alabama. The original bottom hole location of said well is at a regular location in Section 4, but Petitioner desires to sidetrack said well to a bottom hole location that is located no

closer than 370 feet from the North line and 330 from the west line of the unit. Said bottom hole location is an exception to Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code. This petition is filed pursuant to Ala. Code Sections 9-17-1, et seq. (and, in particular, Section 9-17-12, as amended) and Rules 400-1, et seq. (and, in particular, Rule 400-7-1-.04) of the State Oil and Gas Board of Alabama Administrative Code. Petitioner previously filed a petition bearing Docket No. 4-25-08-1 with the Board requesting that the relief sought in this petition be granted on an emergency basis and that petition was granted by the Board on April 25, 2008, in Order No. E-2008-65. Petitioner filed a second petition bearing Docket No. 5-12-08-17 with the Board requesting that the relief sought in this petition be granted on an emergency basis and that petition was granted by the Board on May 22, 2008, in Order No. E-2008-78.

BOARD ACTION: Granted 6-23-08
 ORDER NO. 2008-101

38. DOCKET NO. 4-25-06-34

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting Operator, Lower 15 Oil Corporation to show cause why the following abandoned wells located in the Gilbertown Field, Choctaw County, 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. Additionally, the Frank Gibson #1 Well, Permit No. 1071, which is described hereinbelow under Plugged and Abandoned well was plugged and abandoned on August 21, 1997, however the well site has not been 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. Further, the Board is requesting the operator to show cause why sites, such as well sites, production facility sites, and Class II injection facility sites should not be ordered to be brought into compliance with Rule 400-1-4-.10 of the State Oil and Gas Board of Alabama Administrative Code relating to Site Maintenance.

East Gilbertown Eutaw Unit Wells & Tank Batteries

<u>Permit No.</u> (Tank Battery No.)	<u>Well Name</u> (Tank Battery)	<u>Location</u>
1280	Mattie Clark #1	S1, T10N, R3W
1293	C. F. Stewart Heirs #1	S1, T10N, R3W
(1293 TB)	(C. F. Stewart Heirs #1)	S1, T10N, R3W
1338	Mattie Clark #3	S1, T10N, R3W
10416	Mattie E. Clark #1-6	S1, T10N, R3W
(1343 TB)	(Abston Jones 1-6)	S1, T10N, R3W

Other Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
1431	Joseph W. Hutchinson, Jr. et al #1	S7, T10N, R3W

Plugged and Abandoned well (well site not restored)

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
1071	Frank Gibson #1	S1, T10N, R3W

BOARD ACTION: Continued 6-23-08

39. DOCKET NO. 1-31-07-8A

Continued MOTION FOR REHEARING by LOWER 15 OIL CORPORATION, pursuant to the Alabama Administrative Procedure Act, Section 42-22-1 et seq. of the Code of Alabama (1975) requesting that the Board, upon rehearing, will modify or set aside its order related to its decision entered as Order No. 2007-97 on June 15, 2007, regarding a petition by Lower 15 Oil Corporation. The application for rehearing relates to the petition bearing the docket number set forth hereinabove.

BOARD ACTION: Continued 6-23-08

40. DOCKET NO. 10-3-07-12

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA for Operator, ENERGY RECOVERY GROUP., to show cause why the wells described hereinbelow located in the Baldwin, Covington, Conecuh, Mobile and Walker Counties, Alabama, should not be found in violation of Rule 400-1-6-.10 of the State Oil and Gas Board of Alabama Administrative Code relating to Site Maintenance and Rule 400-1-10-.01 of the State Oil and Gas Board of Alabama Administrative Code relating to Reports. Further pursuant to this Motion the Operator shall show cause why the wells 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 production facility 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.

Baldwin County Wells

<u>Permit No</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>	
4548		Gulf State Park 7-13 #1	S7, T9S, R5E	Gulf State Park
5791		Smith et al Unit 38 #1	S38, T8S, R4E	Swifts Landing
6435		Dora Hand et al 32 #1	S32, T8S, R3E	South Weeks Bay
10036		Magnolia Land Co. 35-2 #1	S35, T7S, R3E	East Magnolia Springs
10037		Burnett 37 #1	S37, T8S, R4E	Oak
12325		Flowers Stewart 18-8	S18, T8S, R4E	Pleasant View

Covington County Wells

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>	
6239		Paramount-Jeffers 17-9 #1	S17, T1N, R14E	West Falco
8788		Paramount-Federal 16-14 #1	S16, T1N, R14E	West Falco
9950- SWD-91-12		Paramount- Federal 21-1 #1	S21, T1N, R14E	West Falco
10489		Smak-Dixon 31-6 #1	S31, T3N, R15E	Pleasant Home
10632		Smak-Dixon 31-11 #1	S31, T3N, R15E	Pleasant Home
10735-B		Smak-Dixon 31-10 #1	S31, T3N, R15E	Pleasant Home
10874		Smak-Dixon 31-7 #1	S31, T3N, R15E	Pleasant Home
11023- SWD-96-2		Smak-Dixon 31-10 SWD #1	S31, T3N, R15E	Pleasant Home
11096-B		Smak-Murphy 13-4#1	S13, T3N, R14E	South Copeland Creek

Conecuh County Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>	
12049-B		D. W. McMillan 31-15#1	S31, T4N, R10E	Juniper Creek

Mobile County Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>	
4412-A		R. J. Newman et al 21-11#1	S21, T1S, R1W	Turnerville

Walker County Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>	
3246		U. S. Steel 17-14#1	S17, T13S, R10W	Eldridge
5131		McPoland et al 7-16#1	S7, T13S, R10W	Eldridge
5132		McPoland et al 8-13#1	S8, T13S, R10W	Eldridge
5283		McPoland et al 8-7#1	S8, T13S, R10W	Eldridge
5539		U. S. Steel 8-10#1	S8, T13S, R10W	Eldridge
5622		U. S. Steel 9-12#1	S9, T13S, R10W	Eldridge
5916		Gordon Davis 17-12#1	S17, T13S, R10W	Eldridge
6254		McPoland et al 18-16#1	S18, T13S, R10W	Eldridge
6310		U. S. Steel 20-4#1	S20, T13S, R10W	Eldridge
6355		Calvin 19-2#1	S19, T13S, R10W	Eldridge
6388		Aultman 18-6#1	S18, T13S, R10W	Eldridge
6972		U. S. Steel 19-10#1	S19, T13S, R10W	Eldridge

Also, pursuant to this Motion the Operator shall show cause why these two plugged and abandoned wells, the Thomas W. Walters et al Unit 13-10#1 Well, Permit No. 4758, and the Brantley et al Unit 32-13 #1 Well, Permit No. 5266, both of which were located in Baldwin County should not be found in violation of Rule 400-1-4-.15 of the State Oil and Gas Board of Alabama Administrative Code relating to Report of Well Plugging. Failure to comply with the Board's rules and regulations may result in the Board issuing fines or taking other sanctions against Operator, Energy Recovery Group. The Board may collect the proceeds of the well bond covering these wells and use the proceeds to plug and abandon wells and restore well locations.

BOARD ACTION: Dismissed 6-23-08
ORDER NO. 2008-102

41. DOCKET NO. 12-12-07-39

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA to address the following oil and gas wells described hereinbelow located in Baldwin, Covington, Conecuh, Mobile and Walker Counties, Alabama, operated by ENERGY RECOVERY GROUP, LLC:

Baldwin County Wells

<u>Permit No</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>	
4548		Gulf State Park 7-13 #1	S7, T9S, R5E	Gulf State Park
5791		Smith et al Unit 38 #1	S38, T8S, R4E	Swifts Landing
6435		Dora Hand et al 32 #1	S32, T8S, R3E	South Weeks Bay
10036		Magnolia Land Co. 35-2 #1	S35, T7S, R3E	East Magnolia Springs
10037		Burnett 37 #1	S37, T8S, R4E	Oak
12325		Flowers Stewart 18-8	S18, T8S, R4E	Pleasant View

Covington County Wells

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>	
6239		Paramount-Jeffers 17-9 #1	S17, T1N, R14E	West Falco
8788		Paramount-Federal 16-14 #1	S16, T1N, R14E	West Falco
9950- SWD-91-12		Paramount- Federal 21-1 #1	S21, T1N, R14E	West Falco
10489		Smak-Dixon 31-6 #1	S31, T3N, R15E	Pleasant Home
10632		Smak-Dixon 31-11 #1	S31, T3N, R15E	Pleasant Home
10735-B		Smak-Dixon 31-10 #1	S31, T3N, R15E	Pleasant Home
10874		Smak-Dixon 31-7 #1	S31, T3N, R15E	Pleasant Home
11023- SWD-96-2		Smak-Dixon 31-10 SWD #1	S31, T3N, R15E	Pleasant Home
11096-B		Smak-Murphy 13-4#1	S13, T3N, R14E	South Copeland Creek

Conecuh County Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>	
12049-B		D. W. McMillan 31-15#1	S31, T4N, R10E	Juniper Creek

Mobile County Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>	
4412-A		R. J. Newman et al 21-11#1	S21, T1S, R1W	Turnerville

Walker County Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>Field</u>	
3246		U. S. Steel 17-14#1	S17, T13S, R10W	Eldridge
5131		McPoland et al 7-16#1	S7, T13S, R10W	Eldridge
5132		McPoland et al 8-13#1	S8, T13S, R10W	Eldridge
5283		McPoland et al 8-7#1	S8, T13S, R10W	Eldridge
5539		U. S. Steel 8-10#1	S8, T13S, R10W	Eldridge
5622		U. S. Steel 9-12#1	S9, T13S, R10W	Eldridge
5916		Gordon Davis 17-12#1	S17, T13S, R10W	Eldridge
6254		McPoland et al 18-16#1	S18, T13S, R10W	Eldridge
6310		U. S. Steel 20-4#1	S20, T13S, R10W	Eldridge
6355		Calvin 19-2#1	S19, T13S, R10W	Eldridge
6388		Aultman 18-6#1	S18, T13S, R10W	Eldridge
6972		U. S. Steel 19-10#1	S19, T13S, R10W	Eldridge

An Involuntary Petition for Bankruptcy has been filed in the U.S. Bankruptcy Court, Eastern District of Texas, Case No. 06-41568 relating to Energy Recovery Group, LLC. In order to ensure that the subject wells are operated properly in accordance with the Alabama oil and gas laws and to ensure the protection of the citizens of Alabama, the Board may consider whether the transfer of operatorship is in the best interest of the State of Alabama. Various proposals for transfer or change of operator are being considered relating to the subject wells.

The jurisdiction of the State Oil and Gas Board of Alabama is set out in Section 9-17-1 et seq. of the Code of Alabama (1975). The Board may take any action it deems appropriate to ensure that the wells are operated properly and in accordance with Alabama oil and gas laws.

BOARD ACTION: Dismissed 6-23-08

ORDER NO. 2008-103