

RESULTS OF MEETING

The State Oil and Gas Board of Alabama held its regular hearing at 10:00 a.m. on Tuesday, December 13, 2011, and Thursday, December 15, 2011, in the Board Room of the State Oil and Gas Board, Walter B. Jones Hall, University of Alabama Campus, 420 Hackberry Lane, Tuscaloosa, Alabama.

1 DOCKET NO. 9-27-11-16A

Continued Amended Petition by MAYNE & MERTZ, INC., a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order establishing a new oil field in Clarke County, Alabama, to be known as the Perry Chapel Field, or such other name as the Board deems proper, to establish well spacing and production allowables, and to adopt Special Field Rules therefor. The proposed field is underlain by the Smackover Oil Pool and the proposed field limits include all of Section 24, and the East Half of Section 23, all in Township 6 North, Range 3 East, Clarke County, Alabama. This petition will be submitted along with a companion petition requesting that the Board reform the 40-acre drilling unit for the Bedsole Foundation 24-11 No. 2 Well to a 160-acre production unit to consist of the South Half of the Northwest Quarter and the North Half of the Southwest Quarter, Section 24, Township 6 North, Range 3 East.

The Smackover Oil Pool in said field is defined as those strata productive of hydrocarbons between the interval of 14,058 feet (MD) and 14,326 feet (MD) as indicated on the ST1 Log for the Bedsole Foundation 24-11 No. 2 Well, Permit No. 16389-B and all zones in communication therewith and all productive extensions thereof.

This Petition is filed as a companion to a Petition under Docket No. 9-27-11-17, requesting that the 40-acre drilling unit for the Bedsole Foundation 24-11 No. 2 Well be reformed to a 160-acre production unit, as noted herein.

BOARD ACTION: Granted 12.15.11

ORDER NO.: 2011-97

2. DOCKET NO. 9-27-11-17

Continued Petition by MAYNE & MERTZ, INC., a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order reforming the 40-acre drilling unit for the Bedsole Foundation 24-11 No. 2 Well, Permit No. 16389-B to a 160-acre production unit.

Petitioner requests that the 40-acre drilling unit for the said Bedsole Foundation 24-11 No. 2 Well, Permit No. 16389-B, consisting of the Southeast Quarter of the Southwest Quarter of the Northwest Quarter, the Northeast Quarter of the Northwest Quarter of the Southwest Quarter, the Northwest Quarter of the Northeast Quarter of the Southwest Quarter, and the Southwest Quarter of the Southeast Quarter of the Northwest Quarter of Section 24, Township 6 North, Range 3 East, Clarke County, Alabama, be reformed to a 160-acre production unit to consist of the South Half of the Northwest Quarter and the North Half of the Southwest Quarter of Section 24, Township 6 North, Range 3 East, Clarke County, Alabama.

This Petition is filed as a companion to a Petition under Docket No. 9-27-11-16, requesting that a new oil field be established in Clarke County, Alabama, to be known as the Perry Chapel Field.

BOARD ACTION: Granted 12.15.11

ORDER NO.: 2011-98

3. DOCKET NO. 11-1-11-06

Continued Petition by SOUTH CHOCTAW OIL, LLC, an Alabama Limited Liability Company, requesting the State Oil and Gas Board of Alabama to enter an order approving an irregular 80-acre drilling unit for the re-entry of the A.G. Harrell No. 1 Well, Permit No. 2470, to consist of the following described lands in the Bucatunna Creek Field, Choctaw County, Alabama, to-wit:

Beginning at the Southeast corner of Section 15, Township 11 North, Range 5 West, Choctaw County, Alabama, run thence South 89 degrees 31 minutes 03 seconds West along the section line for 1792.50 feet to the Southwest corner of said Section 15 and the Mississippi-Alabama State Line; thence North 05 degrees 53 minutes 31 seconds East along said State Line for 2259.06 feet; thence North 89 degrees 31 minutes 03 seconds East for 896.34 feet; thence South 00 degrees 28 minutes 57 seconds East for 399.75 feet; thence North 89 degrees 31 minutes 03 seconds East for 645.35 feet to the East line of said Section 15; thence South 00 degrees 28 minutes 57 seconds East along the section line for 1845.35 feet to the point of beginning.

The proposed drilling unit is consistent with Rule 3 of the Special Field Rules for the Bucatunna Creek Field which requires that wells be located on units containing approximately 80 contiguous acres, but said unit is irregular because all of Section 15, Township 11 North, Range 5 West, Choctaw County, Alabama is irregular since that Section borders the Mississippi-Alabama State Line.

This Petition is filed as a companion to a Petition under Docket No. 11-1-11-07 requesting the Board to approve an exceptional bottom hole location for the proposed A.G. Harrell No. 1 Well.

BOARD ACTION: Granted 12.15.11

ORDER NO.: 2011-99

4. DOCKET NO. 11-1-11-07

Continued Petition by SOUTH CHOCTAW OIL, LLC, an Alabama Limited Liability Company, requesting the State Oil and Gas Board of Alabama to enter an order approving an exceptional location for the re-entry of the A.G. Harrell No. 1 Well to be re-entered at a surface location approximately 330 feet from the West line and 1200 feet from the North line of a proposed 80-acre drilling unit, but to be drilled to a bottom hole location no closer than 180 feet from the West line and 1235 feet from the South line of said proposed 80-acre unit described as follows, to-wit:

Beginning at the Southeast corner of Section 15, Township 11 North, Range 5 West, Choctaw County, Alabama, run thence South 89 degrees 31 minutes 03 seconds West along the section line for 1792.50 feet to the Southwest corner of said Section 15 and the Mississippi-Alabama State Line; thence North 05 degrees 53 minutes 31 seconds East along said State Line for 2259.06 feet; thence North 89 degrees 31 minutes 03 seconds East for 896.34 feet; thence South 00 degrees 28 minutes 57 seconds East for 399.75 feet; thence North 89 degrees 31 minutes 03 seconds East for 645.35 feet to the East line of said Section 15; thence South 00 degrees 28 minutes 57 seconds East along the section line for 1845.35 feet to the point of beginning.

The proposed drilling unit will be located in the Bucatunna Creek Field, Choctaw County, Alabama. Said location is an exception to Rule 3 of the Special Field Rules for the Bucatunna Creek Field which requires that all wells be located 330 feet from every exterior boundary of the drilling unit. Section 9-17-12(c) of the *Code of Alabama* (1975) authorizes the granting of exceptional locations for the drilling of wells in Alabama.

This Petition is filed as a companion to a Petition under Docket No. 11-1-11-06 requesting the Board to approve an irregular unit for the proposed A.G. Harrell No. 1 Well.

BOARD ACTION: Granted 12.15.11

ORDER NO.: 2011-100

5. DOCKET NO. 12-13-11-01

Petition by MAYNE & MERTZ, INC., a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order approving an exceptional 160-acre drilling unit for the proposed Reynolds 13-12 No. 1 Well, consisting of the West Half of the Southwest Quarter of Section 13 and the East Half of the Southeast Quarter of Section 14, Township 3 North, Range 4 East, Baldwin County, Alabama, to be drilled as a wildcat well. 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 wells be located on units consisting of a governmental quarter section containing approximately 160 acres.

BOARD ACTION: Granted

ORDER NO.: 2011-101

6. DOCKET NO. 12-13-11-02

Petition by CHOICE EXPLORATION, INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order approving an exceptional 160-acre drilling unit for the proposed Matthews 19-1 No. 1 Well consisting of the East Half of the Northeast Quarter of Section 19, Township 3 North, Range 8 East and the West Half of the Northwest Quarter of Section 20, Township 3 North, Range 8 East, Escambia County, Alabama to be drilled as a wildcat well. 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 wells be located on units consisting of a governmental quarter section containing approximately 160 acres.

BOARD ACTION: Continued 12.15.11

7. DOCKET NO. 12-13-11-03

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., 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 Hattie Gibby 7-15 No. 2 Well to be drilled on a unit containing 130 acres, more or less, and consisting of the East 2/3rds of the South 3/8ths of the Northeast Quarter of the Southeast Quarter and the South Half of the Southeast Quarter, all in Section 7, Township 6 North, Range 5 East, and the North Half of the Northwest Quarter of the Northeast Quarter, the Northwest Quarter of the Northeast Quarter of the Northeast Quarter, the North Half of the South Half of the Northwest Quarter of the Northeast Quarter, and the North Half of the Southwest Quarter of the Northeast Quarter of the Northeast Quarter, all in Section 18, Township 6 North, Range 5 East, all in Clarke and Monroe Counties, Alabama, in the Barlow Bend 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*.

This petition is filed as a companion to a petition bearing Docket No. 12-13-11-04 requesting approval of an exceptional 130-acre drilling unit for the Hattie Gibby 7-15 No. 2 Well as an exception to Rule 3(a) of the Special Field Rules for the Barlow Bend Field.

BOARD ACTION: Granted 12.15.11

ORDER NO.: 2011-102

8. DOCKET NO. 12-13-11-04

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving a drilling unit for the Hattie Gibby 7-15 No. 2 Well containing 130 acres, more or less, and consisting of the East 2/3rds of the South 3/8ths of the Northeast Quarter of the Southeast Quarter and the South Half of the Southeast Quarter, all in Section 7, Township 6 North, Range 5 East, and the North Half of the Northwest Quarter of the Northeast Quarter, the Northwest Quarter of the Northeast Quarter of the Northeast Quarter, the North Half of the South Half of the Northwest Quarter of the Northeast Quarter, and the North Half of the Southwest Quarter of the Northeast Quarter of the Northeast Quarter, all in Section 18, Township 6 North, Range 5 East, all in Clarke and Monroe Counties, Alabama, in the Barlow Bend Field, as an exception to Rule 3(a) of the Special Field Rules for said Field.

This petition is filed as a companion to a petition bearing Docket No. 12-13-11-03 requesting the forced pooling, without imposition of the risk compensation fee, of all tracts and interests in hydrocarbons produced from the Smackover Formation in the Hattie Gibby 7-15 No. 2 Well.

BOARD ACTION: Granted 12.15.11

ORDER NO.: 2011-103

9. DOCKET NO. 7-20-10-07

Continued 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 issuing fines or taking other sanctions against Operator, S. Lavon Evans, Jr. Operating Co., Inc.

County Line Field

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>County</u>
11797	Holliman 36-10 #1	S36, T17S, R14W	Lamar
11865	Williamson 1-1 #1	S1, T18S, R14W	Pickens

Asbury Church Field

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>County</u>
1297	Weyerhaeuser 33-15 #1	S33, T16S, R16W	Lamar
12975	Weyerhaeuser 4-1 #1	S4, T17S, R16W	Lamar
13260	Weyerhaeuser 3-7 #1	S3, T17S, R16W	Lamar

SE Watson Creek Field

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>County</u>
12548	Collins 12-11 #1	S12, T15S, R15W	Lamar
12919	Gearn 14-1 #1	S14, T15S, R15W	Lamar

Wiley Dome Field

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>County</u>
9986-A	Holman 34-10 #1	S34, T17S, R9W	Tuscaloosa
13041	Holman 35-6 #1	S35, T17S, R9W	Tuscaloosa
13042	Shepherd 35-16 #1	S35, T17S, R9W	Tuscaloosa
13310-BH	Holman 34-10 #2	S34, T17S, R9W	Tuscaloosa
13311	Alawest 34-13 #1	S34, T17S, R9W	Tuscaloosa
13905	Earnest 26-14 #1	S26, T17S, R9W	Tuscaloosa

Wildcat Wells

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>	<u>County</u>
13133	Earnest 26-15 #1	S26, T17S, R9W	Tuscaloosa
13307	Christian 3-8 #1	S3, T18S, R9W	Tuscaloosa
13384	Champion International 35-13 #1	S35, T17S, R9W	Tuscaloosa
13387	Alawest 2-3 #1	S2, T18S, R9W	Tuscaloosa
13388	Bane 36-14 #1	S36, T17S, R9W	Tuscaloosa
13680	Bolton 1-4 #1A	S1, T18S, R9W	Tuscaloosa
13710	Champion International 3-10 #1	S3, T18S, R9W	Tuscaloosa
13711	Alawest 1-12 #2	S1, T18S, R9W	Tuscaloosa
13640	Gartman 2-4 #1	S2, T17S, R16W	Lamar
13389	U.S. Steel Corporation 21-13 #1	S21, T19S, R5W	Jefferson

BOARD ACTION: Continued 12.15.11