

RESULTS OF MEETING
STATE OIL AND GAS BOARD OF ALABAMA
SEPTEMBER 10 & SEPTEMBER 12, 2013

The State Oil and Gas Board of Alabama held its regular hearing at 10:00 a.m. on Tuesday, September 10, 2013, and Thursday, September 12, 2013 in the Board Room of the State Oil and Gas Board, Walter B. Jones Hall, University of Alabama Campus, 420 Hackberry Lane, Tuscaloosa, Alabama, to consider, among other items, the following petition(s):

1. DOCKET NO. 12-11-12-01

Petition by SKLAR EXPLORATION COMPANY L.L.C. requesting that the State Oil and Gas Board of Alabama enter an order (a) force pooling, without risk compensation, all tracts and interests in the Southeast Quarter of Section 5, Township 3 North, Range 12 East, Escambia County, Alabama, as a 160-acre wildcat unit for the purpose of drilling a well to test formations down to and including the Smackover and Norphlet formations, (b) requiring all owners of tracts and interests in said unit to develop their tracts and interests as a unit, and (c) appointing Petitioner as the operator of said unit. This petition is filed pursuant to Sections 9-17-1, *et seq.* Ala. Code (1975) (and, in particular, Section 9-17-13, as amended) and Rules 400-1, *et seq.* (and, in particular, Rule 400-7-1 *et seq.*) of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: Dismissed without prejudice, 9/12/2013.

ORDER NO: 2013-73

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

Petition by ESCAMBIA OPERATING CO. LLC, a foreign limited liability company, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving an exceptional location for the proposed Cedar Creek Land & Timber 14-3 #1 Well to be drilled on a 640-acre production unit consisting of Section 14, Township 1 North, Range 8 East, Escambia County, Alabama, in the Flomaton Field. The proposed location for the said well on said 640-acre production unit is 911 feet from the North line and 1,884 feet from the West line of said Section 14 and, as such, is an exception to Rule 3(b) of the Special Field Rules for the Flomaton Field. Said Rule states that wells completed in and producing from the Norphlet Sand Pool in said Field be located at least 1,320 feet from the nearest exterior boundary of the drilling unit and the proposed location for the above described well is 911 feet from the North line and 1,884 feet from the West line of said 640-acre production unit.

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

BOARD ACTION: Dismissed without prejudice, 9/12/2013.

ORDER NO: 2013-74

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

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

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

BOARD ACTION: Continued, 9/12/2013.

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

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

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

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

Township 20 South, Range 6 West, Tuscaloosa County

Township 20 South, Range 7 West, Tuscaloosa County

Sections 1, 3, 4, 7, 9, 10, 11, 12, 13, 15, 16, 17, 18, 19, 21, 22, 23, 27, 28 and 29

Township 20 South, Range 8 West, Tuscaloosa County

Sections 4, 10, 12, 13, 14, 15, 16, 23, 24 and 25

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

BOARD ACTION: Continued, 9/12/2013.

5. DOCKET NO. 8-14-13-01

Petition by RAM PETROLEUM, 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 terminating the Northwest Citronelle Unit in the Citronelle Field, Mobile County, Alabama. Said Northwest Citronelle Unit consists of the Southwest Quarter of Southwest Quarter of Section 13; Northwest Quarter of Northeast Quarter, Southwest Quarter of Northeast Quarter, Southeast Quarter of Northeast Quarter, South Half of Northwest Quarter and Southwest Quarter of Section 14; Southeast Quarter, Southwest Quarter of Northeast Quarter and Northeast Quarter of Southwest Quarter of Section 15; North Half of Northeast Quarter; Southwest Quarter of Northeast Quarter, Southeast Quarter of Northwest Quarter, Northwest Quarter of Southeast Quarter and Southwest Quarter of Section 22; North Half of Northeast Quarter and North Half of Northwest Quarter of Section 23; and Northwest Quarter of Northwest Quarter of Section 27, all in Township 2 North, Range 3 West, Mobile County, Alabama, containing 1,200 acres, more or less, underlain by the Rodessa Formation. The Northwest Citronelle Unit was established by the Board in Order No. 79-62, issued on June 8, 1979, and enlarged by the Board in Order No. 91-239 issued on March 22, 1991, upon petitions by Bernard/Hickox, Inc.

That Unit Operator, Bernard/Hickox, Inc., was dissolved on July 8, 2002, and all wells in said Unit have been plugged and abandoned, and the Board has released the bond. In this Petition, Petitioner requests that the Northwest Citronelle Unit be terminated, and in a simultaneously filed petition bearing Docket No. 8-14-13-02. Petitioner requests the Board to establish the North Citronelle Unit, the Unit Area of which is to consist of the same Unit Area as the Northwest Citronelle Unit.

This petition is filed pursuant to Sections 9-17-80 through 9-17-88, *Code of Alabama* (1975).

BOARD ACTION: Continued, 9/12/2013.

6. DOCKET NO. 8-14-13-02A

Petition by RAM PETROLEUM, 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), approving a partial field-wide Unit for the Citronelle Field to be known as the "North Citronelle Unit," consisting of the hereinafter described "Unit Area" in Mobile County, Alabama, and requiring the operation of said Unit Area as a single partial field-wide Unit for 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" is to be designated as the Rodessa Formation productive of hydrocarbons in the interval between 10,680 feet and 11,590 feet as recorded on the Schlumberger electrical log for the Gulf Citronelle Unit #1 Well, Permit No. 619, located in the Southwest Quarter of the Southwest Quarter of Section 25, Township 2 North, Range 3 West, Mobile County, Alabama, including those strata productive of hydrocarbons which can be correlated therewith, and all zones in communication therewith and all productive extensions thereof, or such other enlarged interval as may be ordered by the State Oil and Gas Board of Alabama.

The proposed "Unit Area" is designated as the Southwest Quarter of Southwest Quarter of Section 13; Northwest Quarter of Northeast Quarter, Southwest Quarter of Northeast Quarter, Southeast Quarter of Northeast Quarter, South Half of Northwest Quarter and Southwest Quarter of Section 14; Southeast Quarter, Southwest Quarter of Northeast Quarter and Northeast Quarter of Southwest Quarter of Section 15; North Half of Northeast Quarter; Southwest Quarter of Northeast Quarter, Southeast Quarter of Northwest Quarter, Northwest Quarter of Southeast Quarter and Southwest Quarter of Section 22; North Half of Northeast Quarter and North Half of Northwest Quarter of Section 23; and Northwest Quarter of Northwest Quarter of Section 27, all in Township 2 North, Range 3 West, Mobile County, Alabama, containing 1,200 acres, more or less, underlain by the Rodessa Formation.

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 RAM Petroleum, 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, the Unit Operating

Agreement and the Ratification of said Agreements by the working and royalty owners owning at least 66 2/3rd interests in the Unit Area. Said petition also seeks approval of the amendments to the Special Field Rules for the Citronelle Field in order to conform to the provisions of the aforementioned Unit Agreement and Unit Operating Agreement.

The Board in Order No. 79-62 issued on June 8, 1979, approved the unitization of the Northwest Citronelle Unit, and approved the Unit Agreement and Unit Operating Agreement, effective July 1, 1979. Thereafter, the Board in Order No. 91-239, issued on March 22, 1991, enlarged the Unit. The Northwest Citronelle Unit was operated until 1998 when operations ceased. Petitioner's proposed Unit Area for the North Citronelle Unit covers the exact same lands as the Northwest Citronelle Unit, as enlarged, and Petitioner also proposes to use the same Allocation Formula and Tract Participations that the Board approved for the Northwest Citronelle Unit, as enlarged. Petitioner has filed a companion petition bearing Docket No. 8-14-13-01 requesting termination of the Northwest Citronelle Unit.

BOARD ACTION: Continued, 9/12/2013.

7. DOCKET NO. 9-10-13-01

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 extending the temporarily abandoned status for a period of one (1) year for 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.

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

BOARD ACTION: Continued, 9/12/2013.

8. DOCKET NO. 9-10-13-02

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 extending the temporarily abandoned status for a period of one (1) year for the following wells all located in Foshee Field, Escambia County, Alabama:

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

Said wells are temporarily abandoned. Petitioner is requesting the Board to extend the temporarily abandoned status for a period of one (1) year in accordance with Rule 400-1-4-.17(1) 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, 9/12/13.

9. DOCKET NO. 9-10-13-03

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 extending the temporarily abandoned status for a period of one (1) year for the A.T.I.C. 33-8 #1, Permit # 5359, located in Section 33, Township 2 North, Range 8 East in West Foshee Field, Escambia County, Alabama.

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

BOARD ACTION: Continued, 9/12/13.

10. DOCKET NO. 9-10-13-04A

Petition by VENTURE OIL & GAS, 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 gas field in Monroe County, Alabama, to be known as the Northwest Goodway Field, or such other name as the Board deems proper, and to adopt Special Field Rules therefor. The proposed field is underlain by the Smackover Gas Pool and the proposed field limits include 160 acres to consist of the North Half of the Northwest Quarter of Section 14 and the South Half of the Southwest Quarter of Section 11, Township 4 North, Range 6 East, Monroe County, Alabama.

The Smackover Gas Pool in said field is defined as those strata productive of hydrocarbons between the interval of 13,969 feet (MD) and 14,012 feet (MD) as indicated on the Platform Express Array Induction/Gamma Ray/Thermal Neutron/Density/Delta T/PE Log for the Marion Johnson 14-3 No. 1 Well, Permit No. 16816-B, and all zones in communication therewith, all productive extensions thereof and all strata which can be correlated therewith.

This Petition is filed as a companion to a Petition under Docket No. 9-10-13-05 requesting that the 40-acre drilling unit for the Marion Johnson 14-3 No. 1 Well be reformed to a 160-acre production unit consisting of the North Half of the Northwest Quarter of Section 14 and the South Half of the Southwest Quarter of Section 11, Township 4 North, Range 6 East, Monroe County, Alabama.

BOARD ACTION: Granted, 9/12/13.

ORDER NO: 2013-75

11. DOCKET NO. 9-10-13-05

Petition by VENTURE OIL & GAS, 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 Marion Johnson 14-3 No. 1 Well, Permit No. 16816-B, to a 160-acre production unit. Petitioner requests that the 40-acre drilling unit for said Marion Johnson 14-3 No. 1 Well, Permit No. 16816-B, consisting of the Northeast Quarter of the Northwest Quarter of Section 14, Township 4 North, Range 6 East, Monroe County, Alabama, be reformed to a 160-acre production unit to consist of the North Half of the Northwest Quarter of Section 14 and the South Half of the Southwest Quarter of Section 11, Township 4 North, Range 6 East, Monroe County, Alabama.

This Petition is filed as a companion to a Petition under Docket No. 9-10-13-04 requesting that a new gas field be established in Monroe County, Alabama, to be known as the Northwest Goodway Field.

BOARD ACTION: Granted, 9/12/13.

ORDER NO: 2013-76

12. DOCKET NO. 9-10-13-06A

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order amending Rule 1 of the Special Field Rules for the Chicken Swamp Branch Oil Field to add the Southeast Quarter of Section 27, Township 18 South, Range 15 West, Pickens County, Alabama, to the field limits of said Field, and approving the Southeast Quarter of the Southeast Quarter of said Section 27 as the permanent production unit for the L.P. McGahey 27-16 No. 1 Well, Permit No. 4064-A.

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

BOARD ACTION: Granted, 9/12/13.

ORDER NO: 2013-77

13. DOCKET NO. 9-10-13-07

Petition by VENTEX OPERATING CORP., a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving a non-governmental exceptional 40-acre wildcat drilling unit for the Craft-Brown 20-13 #1 Well consisting of the East Half of the Southeast Quarter of Southeast Quarter of Section 19 and the West Half of the Southwest Quarter of Southwest Quarter of Section 20, Township 5 North, Range 5 East, Monroe County, Alabama, as an exception to Rule 400-1-2-.02(2)(a) of the *State Oil and Gas Board of Alabama Administrative Code*, which provides that such wells be drilled on units consisting of a governmental quarter-quarter section containing approximately 40 acres.

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

BOARD ACTION: Granted, 9/12/13.

ORDER NO: 2013-78

14. DOCKET NO. 9-10-13-08A

Petition by SKLAR EXPLORATION COMPANY L.L.C. requesting that the State Oil and Gas Board of Alabama enter an order (a) force pooling, with a risk compensation fee, all tracts and interests in the Southwest Quarter of Section 10, Township 4 North, Range 13 East, Conecuh County, Alabama, as a 160-acre wildcat unit for the purpose of drilling a well to test formations down to and including the Smackover and Norphlet formations, (b) requiring all owners of tracts and interests in said unit to develop their tracts and interests as a unit, and (c) appointing Petitioner as the operator of said unit. This petition is filed pursuant to Sections 9-17-1, *et seq.* Ala. Code (1975) (and, in particular, Section 9-17-13, as amended) and Rules 400-1-1-.01, *et seq.* (and, in particular, Rule 400-7-2-.01, *et seq.*) of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: Dismissed without prejudice, 9/12/13.

ORDER NO: 2013-79

15. DOCKET NO. 9-10-13-09

Petition by JL RESOURCES, LLC, a foreign limited liability company, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order approving an exceptional 40-acre drilling unit for the proposed James A. Bell 5-1 No. 1 Well, said exceptional 40- acre drilling unit to consist of the South Half of the Northeast Quarter of the Northeast Quarter and the North Half of the Southeast Quarter of the Northeast Quarter of Section 5, Township 11 North, Range 4 West, Choctaw County, Alabama at a location 483 feet from the West line and 1287 feet from the North line of the Northeast Quarter of the Northeast Quarter.

The proposed drilling unit is an exception to Rule 400-1-2-.02 (2) (a) of the *State Oil and Gas Board of Alabama Administrative Code* requires a 40-acre drilling unit to be drilled on a governmental quarter-quarter section.

BOARD ACTION: Granted, 9/12/13.

ORDER NO: 2013-80

16. DOCKET NO. 9-10-13-10A

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, Rule 400-7-1 *et seq.*), (a) force pooling without risk compensation all tracts and interests in the Northwest Quarter of Section 26, Township 4 North, Range 12 East, Conecuh County, Alabama, as a 160-acre drilling unit as a productive extension of the Brooklyn Field (“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.

BOARD ACTION: Granted, 9/12/13.

ORDER NO: 2013-81

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

MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting Operator, S. Lavon Evans Jr., Operating Co., Inc., to show cause why the following wells located in Tuscaloosa, Lamar, Pickens, and Jefferson Counties, Alabama, and described hereinbelow should not be ordered plugged and abandoned in accordance with Rule 400-1-4-.14 of the State Oil and Gas Board of Alabama Administrative Code relating to Plugging and Abandonment of Wells and the well sites and associated tank battery sites restored in accordance with Rule 400-1-4-.16 of the State Oil and Gas Board of Alabama Administrative Code relating to Restoration of Location.

The Board may consider, as a part of this Motion, that the proceeds from the surety bond be utilized to plug and abandon wells and restore well sites.

Failure of the operator to comply with the Board’s rules, regulations, and orders may result in the Board’s issuing fines or taking other sanctions against operator, S. Lavon Evans Jr., Operating Co., Inc.

County Line Field Well, Pickens Co.

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

SE Watson Field Wells, Lamar Co.

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

Wiley Dome Field Wells, Lamar Co.

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

Lamar County Wildcats

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
13640	Gartman 2-4 #1	S2, T17S, R16W

Tuscaloosa County Wildcats

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
13133	Earnest 26-15 #1	S26, T17S, R9W

13307	Christian 3-8 #1	S3, T18S, R9W
13384	Champion International 35-13 #1	S35, T17S, R9W
13387	Alawest 2-3 #1	S2, T18S, R9W
13388	Bane 36-14 #1	S36, T17S, R9W
13680	Bolton 1-4 #1A	S1, T18S, R9W
13710	Champion International 3-10 #1	S3, T18S, R9W
13711	Alawest 1-12 #2	S1, T18S, R9W

Jefferson County Wildcat

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
13389	U.S. Steel Corporation 21-13 #1	S21, T19S, R5W

BOARD ACTION: Continued, 9/12/13.