

**EXHIBITS REFERENCED HEREINABOVE SHALL BE IN THE FOLLOWING ORDER:**

- Exhibit A: Special Field Rules, as amended
- Exhibit B: Unit Agreement
- Exhibit C: Unit Operating Agreement
- Exhibit D: Plat Showing Unit Area and Tracts making up Unit Area
- Exhibit E: Description of Unit Area
- Exhibit F: Description of the Tracts
- Exhibit G: Tract Participation
- Exhibit H: Type Log Showing Unitized Formation
- Exhibit I: Allocation Formula
- Exhibit J: Plan of Unit Operations

**EXHIBIT "A"**  
**to**  
**Order No. 2015-\_\_**

**SPECIAL FIELD RULES**  
**BLUFF OIL FIELD**  
**FAYETTE COUNTY, ALABAMA**  
**(Effective March 1, 2015)**

**RULE 1:     FIELD LIMITS.**

Bluff Oil Field, as used herein, is that area described 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 East Half and the East Half of the Northwest Quarter of Section 7; the South Half of the Southeast Quarter and the West Half of Section 8; the Southwest Quarter of the Southwest Quarter of Section 9; the West Half of the Northwest Quarter of Section 16; the North Half of Section 17; and the East Half of the Northeast Quarter of the Northeast Quarter of Section 18, all in Township 14 South, Range 13 West, Fayette County, Alabama, underlain by the Upper Carter, Lower Carter, Gilmer, and Millerella Sand Oil Pools, as hereinafter defined, and all productive extensions thereof.

**RULE 2:     OIL POOLS DEFINED.**

A.     The Upper Carter Sand Oil Pool in the Bluff Oil Field, Fayette County, Alabama, as used herein, shall be construed to mean those strata of the Upper Carter Sand Oil Pool productive of hydrocarbons in the interval between 2,343 feet and 2,366 feet in the Hughes Eastern Petroleum, Ltd., Allman-White 8-14 No. 1 Well (Permit No. 3987), located 1,322 feet FWL and 700 feet FSL of Section 8, Township 14 South, Range 13 West, Fayette County, Alabama, as indicated on the Dual Induction-SFL log of said well, and including those strata productive of hydrocarbons which can be correlated therewith. Said pool constitutes a separate and distinct oil producing pool in said field.

B.     The Lower Carter Sand Oil Pool in the Bluff Oil Field, Fayette County, Alabama, as used herein, shall be construed to mean those strata of the Lower Carter Sand Oil Pool

productive of hydrocarbons in the interval between 2102 feet and 2120 feet in the Julia Sizemore Fowler 6-16 No. 1 Well, Permit No. 4517, located 330 feet FSL and 840 feet FEL of Section 6, Township 14 South, Range 13 West, Fayette County, Alabama, as indicated on the Density log of said well, and including those strata productive of hydrocarbons which can be correlated therewith. Said pool constitutes a separate and distinct oil producing pool in said field.

C. The Gilmer Sand Oil Pool in the Bluff Oil Field, Fayette County, Alabama, as used herein, shall be construed to mean those strata of the Gilmer Sand Oil Pool productive of hydrocarbons in the interval between 1880 feet and 1922 feet in the McCluskey 6-16 No. 1 Well, Permit No. 4609, located 910 feet FSL and 700 feet FEL of Section 6, Township 14 South, Range 13 West, Fayette County, Alabama, as indicated on the Neutron-Density Log of said well, and including those strata productive of hydrocarbons which can be correlated therewith. Said pool constitutes a separate and distinct oil producing pool in said field.

C. The Millerella Sand Oil Pool in the Bluff Oil Field, Fayette County, Alabama, as used herein, shall be construed to mean those strata of the Millerella Sand Oil Pool productive of hydrocarbons in the interval between 2089 feet and 2110 feet in the McCluskey 6-16 No. 1 Well, Permit No. 4609, located 910 feet FSL and 700 feet FEL of Section 6, Township 14 South, Range 13 West, Fayette County, Alabama, as indicated on the Neutron-Density Log of said well, and including those strata productive of hydrocarbons which can be correlated therewith. Said pool constitutes a separate and distinct oil producing pool in said field.

The characteristics of said Upper Carter, Lower Carter, Gilmer, and Millerella Sand Oil Pools in the Bluff Oil Field, Fayette County, Alabama, are such that a well located as hereinafter described and defined upon a unit comprised of approximately eighty (80) contiguous surface acres, conforming to the requirements of the rules herein contained will efficiently drain and produce the recoverable hydrocarbons of such unit in said pool without avoidable waste.

**RULE 3: SPACING OF OIL WELLS.**

Every well drilled as an oil well:

(a) Shall be drilled on a drilling unit comprising approximately eighty (80) contiguous acres, upon which no other drilling or producible well is located in the same oil pool.

(b) Shall be located at least three hundred thirty (330) feet from every exterior boundary of the drilling unit.

**RULE 4: DRILLING AND COMPLETION OPERATIONS.**

(a) Unless an exception is granted by the Board, for a well drilled to a total depth of not more than four thousand (4,000) feet, surface casing shall be set to a depth of not less than four hundred (400) feet, or into the top of the Pottsville Formation, whichever is the deeper, and cement shall be circulated to the ground surface.

(b) Production casing shall be set into or through the producing reservoir.

(c) Production casing shall be cemented with sufficient cement, or cementing admixture, to fill the calculated annular space between the flow string and bore hole to the height of at least five hundred (500) feet above the top of the producing pool.

(d) The time of waiting on cement or cementing admixture shall be a minimum of twelve (12) hours before drilling surface casing plug, and a minimum of eighteen (18) hours before drilling the production casing plug.

(e) Before drilling the cement plug in the surface casing of any well, the casing shall be tested to a minimum pressure of at least 1,000 pounds per square inch.

(f) Before drilling the cement plug in the production casing of any well, the casing shall be tested at a pressure of at least 1,000 pounds per square inch.

(g) All wells heretofore or hereafter completed shall be produced through tubing not larger than three (3) inches in diameter and shall be equipped with a master valve.

**RULE 5: EQUIPMENT FOR TESTS.**

Each producing well shall be so equipped that well deliverability and gas/oil ratio tests may be made.

Equipment shall be maintained in proper operating condition as will permit the adequate testing of each producing well without the necessity of closing in any other well. Such equipment and connections thereto shall be subject to the approval of the Supervisor.

**RULE 6:     MEASUREMENT OF PRODUCTION.**

The Operator of each producing unit shall cause to be provided, on or off the unit, proper metering devices, and such connections thereto as are necessary to measure the total production therefrom. Production may be commingled for treatment purposes and in a common storage system after measurement and if, upon a sale therefrom, a variance is noted between the measurements in and out, such variance shall be allocated back to each unit producing into such common storage system proportionately to the production measured therefrom.

**RULE 7:     MEASUREMENT OF GAS.**

All gas produced from the Bluff Oil Field shall be metered so as to measure the total production therefrom.

**RULE 8:     USE OF METERS.**

The use of meters for testing and for measurement of production shall be subject to and in accordance with the following provisions:

- (a) All meters shall be designed and installed in conformance with recognized metering practices and acceptable to the State Oil and Gas Supervisor.
- (b) All meters and equipment affecting meter accuracy shall be kept in good working order.

**RULE 9:     WELL DELIVERABILITY TESTS.**

Each producing well shall be tested under actual expected operating conditions in conformity with schedules issued by the Board. Such test shall be to determine whether or not the well is capable of producing efficiently any allowable that may be expected to be assigned to it, and, if the well is found not to be capable, then the test shall determine the maximum rate at which the well may efficiently be produced. The method of testing and the reporting of test information, including the test date, duration of test, and daily oil, gas and production rates, shall be in a manner acceptable to the Board.

Whenever a new well is completed, an old well is restored to production, or whenever a well retest is desired by the Board or well operator, such well or wells shall be retested and the results thereof submitted to the Board.

The deliverability of each well shall be determined from the latest test information furnished the Board.

**RULE 10:    RESERVOIR PRESSURE SURVEYS.**

A reservoir pressure survey shall be performed on each flowing well between July 1 and August 31 of each year thereafter. However, the time between surveys may be reduced or extended by the State Oil and Gas Supervisor. The results of all such surveys and any other pressure surveys that are performed, shall be reported to the Board by the 15th day of the following month after such survey is performed. Bottomhole pressure tests shall be performed with a bottomhole pressure gauge. Notwithstanding the above, no reservoir pressure survey shall be required on pumping wells or wells using other methods of artificial lift.

**RULE 11:    ALLOWABLES.**

Each oil well producing from the Upper Carter, Lower Carter, Gilmer, and Millerella Sand Oil Pools in the Bluff Oil Field shall be assigned a permanent allowable of seventy-five (75) barrels of oil per day per oil pool.

**RULE 12:    GAS-OIL RATIO.**

The gas-oil ratio shall be in compliance with Rule 400-1-5-.08 of the State Oil and Gas Board of Alabama Administrative Code, said rule providing that the gas-oil ratio shall not exceed 2,000 to 1.

**IN ADDITION TO THE ABOVE, THE FOLLOWING RULES SHALL APPLY TO UNIT OPERATIONS IN THE SOUTHEAST BLUFF UPPER CARTER OIL UNIT AND THE NORTHWEST BLUFF OIL UNIT, FAYETTE COUNTY, ALABAMA, AND TO THE EXTENT THAT ANY OF THE FOLLOWING RULES CONFLICT WITH ANY OF THE ABOVE RULES, THE FOLLOWING RULES SHALL GOVERN AS TO UNIT OPERATIONS IN THE DESCRIBED UNITS.**

**RULE 13:     DEFINITION OF SOUTHEAST BLUFF UPPER CARTER OIL UNIT AREA.**

The “Unit Area” for the Southeast Bluff Upper Carter Oil Unit, as used herein, is that area of land in Fayette County, Alabama described as follows:

The South Half of the South Half of Section 8; Southwest Quarter of the Southwest Quarter of Section 9; the West Half of the Northwest Quarter of Section 16; the North Half of Section 17; and the East Half of the Northeast Quarter of the Northeast Quarter of Section 18, all in Township 14 South, Range 13 West, Fayette County, Alabama, containing 620 acres, more or less.

**RULE 14:     DEFINITION OF NORTHWEST BLUFF OIL UNIT AREA.**

The “Unit Area” for the Northwest Bluff Oil Unit, as used herein, is that area of land in Fayette County, Alabama described as follows:

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, containing 760 acres, more or less.

**RULE 15:     UNITIZED FORMATION DEFINED FOR SOUTHEAST BLUFF UPPER CARTER OIL UNIT.**

As used herein, the term “Unitized Formation” means the subsurface portion of the Unit Area between the top of the Upper Carter Sand and the base of the Upper Carter Sand which strata occur between the depths of 2340 feet and 2360 feet as depicted by the Dual Induction - Focused Log in the Grace Petroleum Corporation No 1 Weyerhaeuser 17-2, Permit No. 5056, located in the West Half of the Northeast Quarter of Section 17, Township 14 South, Range 13 West, Fayette County, Alabama, in the Bluff Oil Field, and including those strata which can be correlated therewith, and all zones in communication therewith and all productive extensions thereof.

**RULE 16:     UNITIZED FORMATION DEFINED FOR NORTHWEST BLUFF OIL UNIT.**

As used herein, the term “Unitized Formation” means those 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.

**RULE 17:    SPACING OF WELLS.**

In order to operate water flooding and other secondary recovery methods, the Unit Operator shall be permitted to locate and drill wells within the Unit Area in accordance with good engineering practices with the following conditions;

- (a)     every well drilled as a producing well shall be located at least 330 feet from every exterior boundary of the Unit Area, and
- (b)     every well drilled as an injection well shall be located at least 330 feet from every exterior boundary of the Unit Area.

**RULE 18:    EQUIPMENT FOR INJECTION WELLS.**

The Unit Operator shall maintain proper metering devices as are necessary to measure injection into each injection well.

**RULE 19:    PRODUCTION OF UNIT ALLOWABLE.**

The Southeast Bluff Upper Carter Oil Unit and the Northwest Bluff Oil Unit allowable shall be a rate deemed appropriate by the Unit Operator and may be produced in any combination of rates from the Unit Wells in accordance with prudent engineering and operating practices.

**RULE 20:    PRESSURE MAINTENANCE AND SECONDARY RECOVERY OPERATIONS AUTHORIZATION.**

- (a)     The Unit Operator of the Unit may conduct pressure maintenance and secondary recovery operations by the injection of water or any Unitized Substance or Outside Substance, in order to increase the total recovery and to maintain the reservoir pressure at a desirable level for sufficient productivity. The Unit Operator may use the existing wells in said Unit as producing Unit wells or as Unit injection wells, as may be appropriate, and may drill and operate additional



wells for the same purposes and same utilization; provided, however, that a permit will be required for the drilling of each such additional well. Such permit shall be issued by the Board after receipt and approval of Form OGB-1 along with the same information required for the drilling of any well under applicable statewide rules.

(b) The Unit Operator may convert existing wells to injection wells or drill injection wells as may be appropriate as discussed in paragraph (a) above conforming to the applicable rules and regulations of the *State Oil and Gas Board of Alabama Administrative Code*.

(c) The Unit Operator may drill such disposal wells as may be appropriate to dispose of water conforming with the applicable rules and regulations contained in the *State Oil and Gas Board of Alabama Administrative Code*.

(d) The Unit Operator may produce the authorized Unit allowable from such wells as Unit Operator deems appropriate in carrying out Unit Operations. The Unit Operator shall keep a record of actual production from each well in the Unit and shall make such reports with respect to such production as may from time to time be required by the State Oil and Gas Board of Alabama. The Unit Operator shall also keep a record of the actual volume of water, Unitized Substances and Outside Substances which may from time to time be injected into each well in the Unit and shall make such reports with respect thereto as from time to time may be required by the State Oil and Gas Board of Alabama.

**RULE 21: PARTIAL FIELD-WIDE UNIT OPERATIONS FOR SOUTHEAST BLUFF UPPER CARTER OIL UNIT.**

A partial field-wide Unit within the Bluff Oil Field, known as the Southeast Bluff Upper Carter Oil Unit, has been established by Order No. 2005-113 of the State Oil and Gas Board. Unit Operations shall be conducted pursuant to said Order No. 2005-113, and in accordance with the Unit Agreement approved and adopted thereby. All provisions of these Special Field Rules, as now or hereafter amended, shall be subordinate and subject to the plan for Unit Operations established by said Order No. 2005-113, and shall be subordinate and subject to the terms and provisions of the Unit Agreement approved and adopted thereby so long as said Unit Operations continue or until said Unit Operations are terminated in accordance with said Order. In the event of conflict between any of the terms and provisions of these Special Field Rules and the

approved plan for Unit Operations, then the approved plan for Unit Operations for the Southeast Bluff Upper Carter Oil Unit shall govern and control.

**RULE 22: PARTIAL FIELD-WIDE UNIT OPERATIONS FOR NORTHWEST BLUFF OIL UNIT.**

A partial field-wide Unit within the Bluff Oil Field, known as the Northwest Bluff Oil Unit, has been established by Order No. 2015-05 of the State Oil and Gas Board. Unit Operations shall be conducted pursuant to said Order No. 2015-05, and in accordance with the Unit Agreement approved and adopted thereby. All provisions of these Special Field Rules, as now or hereafter amended, shall be subordinate and subject to the plan for Unit Operations established by said Order No. 2015-05, and shall be subordinate and subject to the terms and provisions of the Unit Agreement approved and adopted thereby so long as said Unit Operations continue or until said Unit Operations are terminated in accordance with said Order. In the event of conflict between any of the terms and provisions of these Special Field Rules and the approved plan for Unit Operations, then the approved plan for Unit Operations for the Northwest Bluff Oil Unit shall govern and control.

**RULE 23: REPORTING REQUIREMENTS.**

The Unit Operator shall submit an annual report to the Supervisor detailing current Unit Operations and any modifications made to the original unitization plan that was approved by the Board for the Southeast Bluff Upper Carter Oil Unit and the Northwest Bluff Oil Unit. Reports shall be submitted to the Supervisor during the month of October following the effective date of unitization and continue on an annual basis until all wells in the unit are plugged and abandoned or the unit is terminated. Reports should include the amount of oil or condensate, gas, and water produced, as well as the amount and type of fluids injected into the reservoir on an annual basis. The report should also document any well work or facility modifications performed during the reporting year as well as the drilling of new wells and the conversion and plugging of existing wells.

**RULE 24:     GENERAL RULES AND REGULATIONS.**

In addition to the Special Field Rules recorded heretofore in this order, all the provisions of the *State Oil and Gas Board of Alabama Administrative Code* and all amendments thereto, shall remain in full force and effect with respect to the Bluff Oil Field, Fayette County, Alabama, except as herein amended. In the event of conflict between the provisions of the *State Oil and Gas Board of Alabama Administrative Code*, or the amendments thereto, and the Special Field Rules for the Bluff Oil Field, then the Special Field Rules adopted herein shall govern and control.

The Board may, after notice and hearing, grant exceptions, alter, amend or repeal any and all of the above rules and regulations.