

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF MINES AND MINERAL INDUSTRIES
OIL AND GAS CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF

FELMONT OIL CORPORATION FOR A)
SPACING ORDER IN THE ARTEMAS GAS)
POOL, MANN AND MONROE TOWNSHIPS,)
BEDFORD COUNTY, PENNSYLVANIA.)

SPACING ORDER
DOCKET NO. 3

APPEARANCES

For the applicant, Felmont Oil Corporation, Robert M. Diggs, Attorney, H. Ames Richards, Jr., Vice President and Secretary, William H. Young, Vice-President and General Manager, and John R. Ebright, Geologist.

For New York State Natural Gas Corporation, David E. Weatherwax, Attorney, Thomas A. Kuhn, Production Geologist, John W. Hendrickson, Manager of Land Lease and Geology, and Joseph E. Coddington, Assistant Manager of Engineering.

For Manufacturers Light and Heat Company, George F. Swearingen, Attorney, and Paul S. Tremel, Geologist.

For Department of Interior of United States, Robert E. Speer of the U. S. Geological Survey.

For Peoples Natural Gas Company, George O. Scott and George J. Donaldson.

For the Pennsylvania Department of Forests and Waters, Hugh B. Montgomery, Chief of Division of Minerals.

HISTORY OF THE CASE

1. Felmont Oil Corporation, a Delaware corporation authorized to do business in the Commonwealth of Pennsylvania, filed an application for a Spacing Order in the Artemas Gas Pool in Mann and Monroe Townships, Bedford County, Pennsylvania, in the Pittsburgh Office of the Oil and Gas Division, Department of Mines and Mineral Industries.

2. Pursuant to the request for a Spacing Order, notice of a hearing to be held in the Hearing Room of the Public Utility Commission, Room 1212, State Office Building, Pittsburgh, Pennsylvania, on August 20, 1963, at 10:00 A. M. was published in the Bedford Gazette, a daily newspaper of general circulation in Bedford County, Pennsylvania, on August 1, 1963, and again on August 8, 1963.

3. On August 20, 1963, hearing on the application for a Spacing Order was held in Room 1212, State Office Building, Pittsburgh, Pennsylvania, and the Commission heard the sworn testimony of John R. Ebright, William H. Young, John W. Hendrickson, Joseph E. Coddington, Thomas A. Kuhn and Paul S. Tremel.

4. The Oil and Gas Commission met on several occasions, considered the evidence, exhibits, briefs and suggested findings of fact presented by Felmont Oil Corporation and New York State Natural Gas Corporation, and reached a decision. Commissioners Charles P. Duncan, Jr., and Harold J. Magner disqualified themselves from this hearing due to possible conflicts of interest and did not participate in the deliberations or the decision.

QUESTIONS AT ISSUE

1. Is a Spacing Order necessary under all the circumstances?
2. If a Spacing Order is necessary, what should its terms and conditions be?

FINDINGS OF FACT

1. New York State Natural Gas Corporation drilled the discovery well, known as the Marshall E. Diehl No. 1, pursuant to Permit Number BED-18, and established the existence of a gas pool in the Oriskany Horizon which is known as the Artemas Gas Pool.

2. New York State Natural Gas Corporation is engaged in the drilling of a second well in the Artemas Gas Pool to the Oriskany Horizon under Permit Number BED-21.

3. The discovery well completed pursuant to Permit Number BED-18 is located on a voluntary unit formed by New York State Natural Gas Corporation and other operators known as the Muddy Run Unit; the second well which is being drilled under Permit Number BED-21 is located on a voluntary unit formed by New York State Natural Gas Corporation and other operators known as the Johnson Branch Unit.

4. Felmont Oil Corporation is the operator of various lands or interests in lands within the Artemas Gas Pool in the Oriskany Horizon by virtue of oil and gas leases granted to it by the Commonwealth of Pennsylvania and otherwise. Felmont's lands and interests in the Artemas Gas Pool are directly and immediately affected by the discovery well drilled under Permit Number BED-18 and the second well being drilled under Permit Number BED-21. The interests of Felmont in the Artemas Gas Pool are not included within the area covered by either the Muddy Run Unit or the Johnson Branch Unit, as formed by New York State Natural Gas Corporation and others.

5. Manufacturers Light and Heat Company is the operator of various lands within the Artemas Gas Pool.

6. The well drilled, and the well now drilling, in the Artemas Gas Pool may drain natural gas from acreage not under lease to the operator

and may also drain natural gas from acreage not included within either the Muddy Run Unit or the Johnson Branch Unit. A Spacing Order with spacing units is indicated, therefore, to reasonably protect the correlative rights of operators and royalty owners generally and particularly such rights in connection with land in or immediately adjacent to the Muddy Run Unit and the Johnson Branch Unit, and to prevent the drilling of unnecessary wells.

7. The testimony indicates that economic spacing requires Units of not less than Two Hundred and Fifty (250) contiguous acres.

8. The existing physical facts, topography and general conditions of lease distribution indicate that no wells should be drilled closer than Six Hundred and Fifty (650) feet from the nearest unit boundary line.

9. Wells spaced not less than Twenty-Five Hundred (2500) feet apart will economically and efficiently drain the area between them.

10. The area which is included within the Artemas Gas Pool of the Oriskany Horizon contains 3,378 acres, more or less, and is delineated on "MAP EXHIBIT TO SPACING ORDER OF OIL & GAS CONSERVATION COMMISSION FOR ARTEMAS POOL, BEDFORD COUNTY, PENNA."; the twelve (12) spacing units delineated on the said map in such pool will result in the efficient and economic development of the pool as a whole and will protect correlative rights.

CONCLUSIONS OF LAW

1. A Spacing Order is deemed to be necessary under all the circumstances.

2. Limitations are necessary and are stated in the Order which follows.

ORDER

Accordingly, the Commission does order that:

1. The area included in and covered by this Spacing Order for the

Artemas Gas Pool in the Oriskany Horizon, in Mann and Monroe Townships, Bedford County, Pennsylvania, shall be the area containing Three Thousand Three Hundred and Seventy-Eight (3,378) acres, more or less, outlined in black on the "MAP EXHIBIT TO SPACING ORDER OF OIL & GAS CONSERVATION COMMISSION FOR ARTEMAS POOL, BEDFORD COUNTY, PENNA." which said map is hereby incorporated into, made a part of this order, and will be kept in the records at the offices of the Oil and Gas Conservation Commission, 1708 Benedum Trees Building, 223 Fourth Avenue, Pittsburgh 22, Pennsylvania.

2. The twelve (12) spacing units delineated on said map and described here by unit number and acreage, namely,

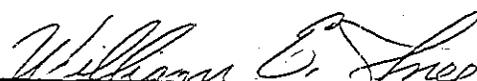
Unit No. 1, containing 260 acres, more or less,
Unit No. 2, containing 309 acres, more or less,
Unit No. 3, containing 268 acres, more or less,
Unit No. 4, containing 270 acres, more or less,
Unit No. 5, containing 280 acres, more or less,
Unit No. 6, containing 310 acres, more or less,
Unit No. 7, containing 255 acres, more or less,
Unit No. 8, containing 285 acres, more or less,
Unit No. 9, containing 283 acres, more or less,
Unit No. 10, containing 290 acres, more or less,
Unit No. 11, containing 295 acres, more or less,
Unit No. 12, containing 273 acres, more or less,

are hereby established as the spacing units for the Artemas Gas Pool in the Oriskany Horizon.

3. No well within the area designated under this Spacing Order shall be drilled closer than Six Hundred and Fifty (650) feet from the nearest unit boundary line.

Within the area designated under this Spacing Order wells shall not be located less than Twenty-Five Hundred (2,500) feet from other wells producing gas, or drilling for the production of gas, from the Artemas Pool in the Oriskany Horizon.

BY THE COMMISSION


ACTING CHAIRMAN

Dated: September 10, 1963