

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

IN THE MATTER OF THE APPLICATION OF)
J. A. FOX, C. S. COEN, AND F. M. SLOAN)
FOR MODIFICATION OF SPACING ORDER NO. 5)
AND SPACING ORDER NO. 5-A COVERING THE) SPACING ORDER DOCKET NO. 5-B
MURRYSVILLE ONONDAGA-ORISKANY GAS POOL,)
FRANKLIN AND PENN TOWNSHIPS, WESTMORELAND)
COUNTY, AND MONROEVILLE BOROUGH, ALLEGHENY)
COUNTY, PENNSYLVANIA)

SPACING ORDER NO. 5-B

APPEARANCES

At the Hearing held May 24, 1968, G. Kirby Herrington, Esquire, on behalf of the Applicants; George O. Scott, Chief Geologist, on behalf of The Peoples Natural Gas Company; and James A. Flinn, Manager of Land and Real Estate, on behalf of Equitable Gas Company.

At the Continuance of the Hearing held August 14, 1968, the same G. Kirby Herrington and James A. Flinn, on behalf of the same parties, no appearance having been made on behalf of The Peoples Natural Gas Company.

HISTORY OF THE CASE

1. May 3, 1968, an application was filed in the office of the Oil and Gas Conservation Commission, Department of Mines and Mineral Industries by Fox, Coen, and Sloan for modification of Spacing Order Nos. 5 and 5-A. In the testimony supplied with the application it is proposed that 600 acres in the northwest portion of the spaced area be excluded therefrom, that 1,000 acres along the southeast boundary of the said spaced area be added thereto, that the minimum unit be reduced from 600 acres to 300 acres, that the minimum distance from unit lines be reduced from 1,400 feet to 400 feet, and between wells, from 4,000 feet to 2,200 feet.

2. May 8, 1968, notifications of a hearing to be held in the Hearing Room of the Public Utility Commission, 12th Floor, State Office Building, Pittsburgh, Pennsylvania, at 10:00 A. M., on Friday, May 24, 1968, were sent by certified mail to the interested parties whose addresses were known to the Commission, and by regular mail to those who had indicated to the Commission that they wished to be notified regarding spacing order hearings that may affect the area.
3. May 9, 1968, notifications were published in the Pittsburgh Press, Pittsburgh, Allegheny County, Pennsylvania, and in the Greensburg Tribune Review, Greensburg, Westmoreland County, Pennsylvania, daily newspapers in general circulation in the respective counties. The advertisement appearing in the Greensburg Tribune Review erroneously showed the address of the Public Utility Commission Hearing Room to be "State College Building," Pittsburgh, Pennsylvania, instead of "State Office Building," Pittsburgh, Pennsylvania. Accordingly, a corrected notice was published May 11, 1968, in the said newspaper showing the correct address of the Hearing Room.
4. May 16, 1968, notifications were again published in the Pittsburgh Press and the Greensburg Tribune Review announcing the time, the place, and the purpose of the Hearing.
5. May 24, 1968, the Hearing was held at the time and place specified in the notice, and the proposed testimony submitted with the Application was admitted into evidence. The Hearing was recessed, however, to be continued upon notice, after the Applicants shall have filed an amended, or supplemental, application which would describe a specific drilling unit.
6. June 25, 1968, an Amendment to the Application filed May 3, 1968, was filed by the Applicants requesting the same addition to, and exclusion from, the spaced area, and the same minimum distances as described in the original Application and set forth in Paragraph 1 of this History, and, in addition, proposing that the Commission approve a drilling unit as described on the map exhibit accompanying the Amended Application. In a letter dated June 25,

1968, which accompanied the Amended Application, counsel for the Applicant indicates a preference that the date of the Continuance of the Hearing held May 24, 1968, be set for some time after July 29, 1968.

7. July 29, 1968, notification that the Continuance of the Hearing held May 24, 1968, would be held August 14, 1968, at 10:00 A. M., Eastern Daylight Savings Time, in the Hearing Room of the Public Utility Commission, 12th Floor, State Office Building, Pittsburgh, Pennsylvania, was sent by certified mail to those who had entered an appearance at the hearings involving Spacing Order Docket Nos. 5, 5-A, and 5-B, and to all royalty owners known to the Commission, and by regular mail to any who had indicated an interest in the area involved in said orders.
8. August 14, 1968, the Continuance of the Hearing held May 24, 1968, was held before the Commission in the place and at the time set forth in the notice, and the Commission heard the additional testimony of Fenton H. Finn, witness for the Applicant.
9. August 14, 1968, the Commission met for the purpose of considering the testimony, and reached a decision.

QUESTIONS AT ISSUE

1. Is a modification of Spacing Order Nos. 5 and 5-A necessary under all the circumstances?
2. If a modification of Spacing Order Nos. 5 and 5-A is necessary, what should be the terms and conditions of such modification?
3. Should the drilling unit proposed and described in the Amendment to the Application, designated as the Murrysville No. 4 Unit, be approved by this Commission?

FINDINGS OF FACT

1. All of the documents filed in connection with Spacing Order Docket No. 5 and Spacing Order Docket No. 5-A, together with the map exhibits, testimony,

and orders entered as a result thereof are considered pertinent to the questions at issue and are incorporated herein by reference.

2. The testimony indicates that any wells that might be drilled to the north, northwest, or west of the present wells in the Murrysville Onondaga-Oriskany Gas Pool would be unlikely to encounter gas production in commercial quantities, and that an area of approximately six hundred (600) acres along the northwest boundary of the area spaced should be excluded from the area made subject to spacing order control.
3. The testimony indicates that thicker sections of the Oriskany Sandstone are likely to be encountered and commercial production developed in any wells that might be drilled in the pool to the south, southeast, and east of the completed wells, and that an area comprising approximately one thousand (1,000) acres should be added to the area made subject to spacing order control along the southeastern boundary thereof.
4. The existing physical facts, the topography, the congested building developments in the area, the distribution of property ownership in small tracts, together with the geology, all as described in the testimony, indicate that adjustment in the minimum size of a unit and minimum distances set forth in Spacing Orders Nos. 5 and 5-A should be made, and that a minimum unit of 300 acres, a minimum distance from unit lines of 400 feet, and between wells of 2,200 feet, all as proposed in the Application and the Amendment thereto, are reasonable minima to permit additional exploration in the area, and should be established.
5. The unit described on the Map Exhibit K to this Spacing Order, comprising 346.475 acres, is a reasonable unit, considering the difficult conditions described in the testimony and outlined in the previous paragraph hereof, and should be approved and ratified by this Commission.

CONCLUSIONS OF LAW

1. A Spacing Order modifying Spacing Order Nos. 5 and 5-A is deemed to be necessary under all the circumstances.
2. The terms and conditions of such modification of Spacing Order Nos. 5 and 5-A should be prescribed.
3. The drilling unit proposed and described in the Amendment to the Application, designated as the Murrysville No. 4 Unit, should be approved.
4. The terms and conditions under which the royalty interests in the Murrysville No. 4 Unit should be deemed to be integrated should be prescribed.

ORDER

1. The Map Exhibit to this Spacing Order No. 5-B of the Oil and Gas Conservation Commission is the map submitted with the Application and shall be marked "MAP EXHIBIT G TO SPACING ORDER NO. 5-B OF THE OIL AND GAS CONSERVATION COMMISSION" and is incorporated into and made a part of this Order, and the map submitted with the Amendment to the Application describing the Murrysville No. 4 Unit will be incorporated into and made a part of this Order and shall be marked "MAP EXHIBIT K TO SPACING ORDER NO. 5-B OF THE OIL AND GAS CONSERVATION COMMISSION," and both maps will be kept on file in the offices of the Commission, 506 Benedum Trees Building, 223 Fourth Avenue, Pittsburgh, Pennsylvania.
2. The said Map Exhibit G designates an area, outlined in blue, containing six hundred (600) acres along the northwestern boundary of the spaced area, which is hereby excluded from the area made subject to spacing order control. The said Map Exhibit G also designates an area, outlined in green, along the southeastern boundary of the said spaced area, containing one thousand (1,000) acres, which is hereby added to the area made subject to spacing order control. Spacing Order Nos. 5, entered Decembed 2, 1963, and 5-A, entered May 21, 1965, are hereby amended accordingly.

3. The unit described and outlined in red on the Map Exhibit K to this Order No. 5-B, containing 346.475 acres, is hereby designated as the Murrysville No. 4 Unit, and is hereby approved by this Commission.
4. Within the area designated by Spacing Order No. 5, entered December 2, 1963, Spacing Order No. 5-A, entered May 21, 1965, and the area made subject to spacing control by this Spacing Order No. 5-B, each well shall be located on a drilling unit of not less than three hundred (300) acres, shall not be located less than four hundred (400) feet from any unit line, or less than two thousand two hundred (2,200) feet from any other well producing gas, or dilling for the production of gas, from the Onondaga Chert and/or Oriskany Sandstone horizons. Spacing Order Nos. 5, entered December 2, 1963, and 5-A, entered May 21, 1965, are hereby amended accordingly.
5. The royalty interests in the natural gas produced from the Huntersville Chert and Oriskany Sandstone formations in each of the separately owned tracts of land, or parts thereof, in the said Murrysville No. 4 Unit are hereby deemed to be integrated into one unit. Production of natural gas from any one of the separately owned tracts included within the said unit shall constitute production of natural gas from every other tract included within such unit in which production occurs. All royalties accruing shall be treated as an entirety for such unit and shall be divided among and paid to the separate owners thereof at the rate provided by the pertinent lease or sublease contracts in the proportion that the acreage bears to the total acreage in said unit. Payment of said royalties shall be and constitute full compliance with the obligations to make such payments under contracts affecting the property included within said unit, and shall be effective as of the date of first production from said unit.
6. This Order shall be recorded in the proper offices for the recording of deeds in Westmoreland County and Allegheny County, Pennsylvania

By the Commission

Dated: August 27, 1968


Chairman