

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

IN THE MATTER OF THE APPLICATION OF)
SHELL OIL COMPANY FOR A SPACING)
ORDER IN THE SOMERSET GAS POOL,) SPACING ORDER
BROTHERSVALLEY, SOMERSET AND BLACK) DOCKET NO. 6
TOWNSHIPS, SOMERSET COUNTY)
PENNSYLVANIA)

SPACING ORDER 6

APPEARANCES

For the Applicants, Shell Oil Company, D. F. Gallion, Attorney, and
William Corrigan, Exploitation Engineer.

For New York State Natural Gas Corporation, David E. Weatherwax,
Attorney.

For Texas Eastern Gas Transmission Company, John B. Nunn, Area Landman.

HISTORY OF THE CASE

1. May 31, 1964, an application for a Spacing Order covering the Somerset Gas Pool, Brothersvalley Township, Somerset County, Pennsylvania, was filed by Shell Oil Company, in the office of the Oil and Gas Conservation Commission, 1708 Benedum Trees Building, 223 Fourth Avenue, Pittsburgh, Pennsylvania. The application was accompanied by a map showing the area proposed to be made subject to a Spacing Order, consisting of Twenty-five Hundred Fifty (2550) acres, more or less, and showing Four (4) drilling units of approximately Six Hundred Forty (640) acres each proposed to be established within said Spacing Order area. The latitude and longitude of the pool were not indicated on said map.

2. June 1, 1964, a map indicating latitude and longitude was supplied by the Applicant, in all respects appearing to be same map as that filed May 31, 1964, except that the location identification had been added.
3. June 5, 1964, notifications of a hearing to be held in the Public Utility Commission Hearing Room, 12th Floor, State Office Building, 300 Liberty Avenue, Pittsburgh, Pennsylvania, on Tuesday, June 23, 1964, at 10:00 A. M., Eastern Daylight Savings Time, were sent by registered mail to all persons whose addresses were known to the Commission who had interests in the area, and by ordinary mail to those who had indicated to the Commission under the provisions of Section 8, Rule 2, A, (2), of the Rules and Regulations that they wished to be notified concerning spacing order hearings to be held affecting lands located in Somerset County.
4. June 8, 1964, and again on June 15, 1964, notice of the hearing was published in the Somerset Daily American, a newspaper in general circulation in Somerset County, announcing the purpose, the time, and the place of the hearing.
5. June 23, 1964, the hearing was held at 10:00 A. M., in the Hearing Room of the Public Utility Commission, 12th Floor, State Office Building, 300 Liberty Avenue, Pittsburgh, Pennsylvania, and the Commission heard the evidence of Shell Oil Company, the Applicant, and New York State Natural Gas Corporation and Texas Eastern Gas Transmission Corporation, Intervenors.
6. Thereafter, the Commission met for the purpose of considering the testimony taken at the hearing, and a decision was made regarding the application for the Spacing Order.

QUESTIONS AT ISSUE

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

FINDINGS OF FACT

1. The Applicant, Shell Oil Company, drilled the Shumaker No. 1 Well under Drilling Permit SOM-30, located by measuring 14,064 feet south of Latitude 40° 0' and 10,880 feet west of Longitude 79° 0', Meyersdale Quadrangle, Brothersvalley Township, Somerset County, Pennsylvania, said well having been completed in January, 1964, as a well capable of producing gas in commercial quantities from the Oriskany Sandstone, production having been encountered at a depth of 8,753 feet below the surface, and having established the existence of the Somerset Oriskany Gas Pool.
2. The discovery well is located on a proposed unit of 619.25 acres, more or less, designated as Unit No. 1, all within the area requested to be made subject to Spacing Order, and all being under lease to the Applicant, Shell Oil Company.
3. There are no other wells known to have penetrated the Oriskany Sandstone within the area of Two Thousand Five Hundred Fifty (2,550) acres, more or less, for which Applicant has sought a Spacing Order.
4. All the testimony indicates that the said area of Two Thousand Five Hundred Fifty (2,550) acres, more or less, is the area underlain by the Somerset Oriskany Gas Pool, and should be made subject to a Spacing Order.

5. All the testimony indicates that the drilling units identified on the map exhibit accompanying the application will result in the efficient and economic development of the Somerset Oriskany Gas Pool.
6. All the testimony, the existing physical facts and the topography indicate that only one well should be permitted to be located on each of the units designated hereinabove, and that any such permitted well should be located at least One Thousand (1,000) feet from the nearest unit boundary line, and should be located not less than Three Thousand (3,000) feet from any other well drilled or drilling for the production of gas from the Oriskany Sandstone within the Spacing Order area.

CONCLUSIONS OF LAW

1. A Spacing Order is deemed to be necessary.
2. Units should be established for the drilling of each well and are defined in the Order which follows.
3. The terms and conditions upon which the royalty interests shall be deemed to be integrated should be prescribed and are so prescribed 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 Somerset Oriskany Gas Pool, located in Brothersvalley, Somerset and Black Townships, Somerset County, Pennsylvania, shall be the area containing Two Thousand Five Hundred Fifty (2,550) acres, more or less, outlined in black on the

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"MAP EXHIBIT TO SPACING ORDER 6 OF OIL AND GAS CONSERVATION COMMISSION FOR THE SOMERSET ORISKANY GAS POOL, SOMERSET COUNTY, PENNSYLVANIA," which 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, Pennsylvania.

2. Units are hereby established within the said area as follows:

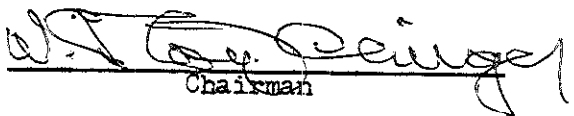
Unit No. 1, containing	619.25	acres, more or less
Unit No. 2, containing	649.1051	acres, more or less
Unit No. 3, containing	639.	acres, more or less
Unit No. 4, containing	<u>642.7</u>	acres, more or less
Total	2550.0551	acres, more or less

all as hatched and outlined in black on the said "MAP EXHIBIT TO SPACING ORDER 6" hereinabove designated.

3. Not more than one well shall be drilled for the production of gas from the Oriskany Sandstone on each of the units hereinabove designated.
4. No well shall be located less than One Thousand (1,000) feet from the nearest unit boundary line on any of the Four (4) units hereinabove designated.
5. No well shall be located less than Three Thousand (3,000) feet from any other well drilled or drilling for the production of gas from the Oriskany Sandstone on any of the Four (4) units hereinabove designated.
6. The royalty interest in the natural gas in the Oriskany Sandstone in each of the separately owned tracts of land, or parts thereof, in Units No. 1, No. 2, No. 3 and No. 4, hereinabove designated, and as set out on the "MAP EXHIBIT TO SPACING ORDER 6," hereinabove made a part of this Order, are hereby deemed to be integrated by virtue of this Spacing Order 6, into one Unit for each of said Units No. 1, No. 2, No. 3 and No. 4, on the terms and conditions hereinafter set forth.

7. Production of natural gas from any one of the separately owned tracts included within any one of the Units No. 1, No. 2, No. 3 and No. 4, shall constitute production of natural gas from every other tract included within the said Unit in which such production occurs under the terms of the leases or subleases affecting the tracts included in the respective Unit or Units.
8. All royalties accruing on all production of natural gas from the Oriskany Horizon within each of the said Units No. 1, No. 2, No. 3 and No. 4, 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 (mineral rights subject to lease or sublease of each royalty owner in said Unit) bears to the total acreage in said unit.
9. The payment of said royalties that may be due on natural gas produced, when paid in the indicated proportions and pursuant to the terms of the lease or sublease agreement covering such part of the unit, shall be and constitute full compliance with the obligations to make such payments under contracts affecting the property included within said unit.
10. This order shall be effective as to the royalty interests as of the date of first production hereafter from any of such Units No. 1, No. 2, No. 3 and No. 4.

BY THE COMMISSION


Chairman

Dated: July 13, 1964