

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

IN THE MATTER OF THE APPLICATION OF)
THE PEOPLES NATURAL GAS COMPANY FOR)
MODIFICATION OF SPACING ORDER NO. 7)
AND FOR APPROVAL OF DRILLING UNIT,)
RAGER MOUNTAIN HUNTERSVILLE CHERT-)
ORISKANY SANDSTONE GAS POOL, JACKSON,)
WEST TAYLOR AND LOWER YODER TOWNSHIPS,)
CAMBRIA COUNTY, PENNSYLVANIA)

SPACING ORDER
DOCKET NO. 7-A

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APPEARANCES

At the Hearing held August 16, 1967, Peter U. Hook, Attorney, of the firm, Ray, Buck, John and Hook, on behalf of Robert E. Eberly; William A Jones, Attorney, on behalf of The Peoples Natural Gas Company; and Rolland L. Ehrman, Attorney, on behalf of T. W. Phillips Gas and Oil Company.

HISTORY OF THE CASE

1. July 28, 1967, an application was filed in the office of the Oil and Gas Conservation Commission, Department of Mines and Mineral Industries, by The Peoples Natural Gas Company, of Pittsburgh, Pennsylvania, for modification of Spacing Order No. 7 by the addition of 964 acres to the area spaced by said order and for approval of the proposed George W. Griffith Unit, containing 640 acres, of which 316 acres is located

within the area covered by Spacing Order No. 7, and requiring 324 acres outside of said controlled area, all as indicated on the map which accompanied the Application as Exhibit A thereto. The application states that the owners of gas rights to the additional acreage requested to be spaced are Bethlehem Mines Corporation, Snee and Eberly, T. W. Phillips Gas and Oil Company, Texas Eastern Transmission, and The Peoples Natural Gas Corporation, all leasees of record, and that the parties named have agreed to joint participation in the proposed well.

2. August 1, 1967, notification was mailed to those parties known to be interested in the area proposed to be spaced that a Hearing pertinent to the Application would be held in the Hearing Room of the Public Utility Commission, 12th Floor, State Office Building, 300 Liberty Avenue, Pittsburgh, Pennsylvania, at 10:00 A. M., Daylight Savings Time, August 16, 1967.
3. August 1, 1967, notification of the Hearing to be held at the time and place and for the purpose hereinabove set forth was published in the Johnstown Tribune Democrat, Johnstown, Cambria County, Pennsylvania, a daily newspaper in general circulation in the said County.
4. August 8, 1967, a second notice was published in the aforesaid newspaper, announcing the time, place, and purpose of the Hearing.
5. August 16, 1967, the Hearing was held at the time and place specified in the notice.
6. August 29, 1967, the Commission met for the purpose of considering the record of the Hearing, and reached a decision.

QUESTIONS AT ISSUE

1. Is a modification to Spacing Order No. 7 necessary under all the circumstances?

2. If a Spacing Order modifying Spacing Order No. 7 is necessary, what should be its provisions?

FINDINGS OF FACT

1. The Findings of Fact which served as the basis for the entry of Spacing Order No. 7, entered April 15, 1966, are pertinent to the questions at issue and are incorporated herein by reference.
2. The only additional drilling for gas in the area described and made subject to control by the entry of Spacing Order No. 7 was in the Charles Miller No. 1 Well, drilled by The Peoples Natural Gas Company, Drilling Permit CBA-8, which proved to be a successful well, having encountered gas in the Huntersville Chert and Oriskany Sandstone horizons, at a location south of the M. E. Bole No. 1 Well drilled by T. W. Phillips Gas and Oil Company, which, itself, is south of the discovery well, the George L. Reade No. 1 Well, drilled by the Applicant. No well has been drilled in the spaced area northeast of the discovery well.
3. The testimony indicates that seismic work done in an attempt to define a suitable drilling site northeast of the discovery well has been inconclusive to the extent that the Applicant is reluctant either to condemn or test the area.
4. The testimony indicates that seismic data further northeast indicates a fair structural potential to such degree that the Applicant and its associates are desirous of drilling at the location described on the Map Exhibit A of the Application, that is, on the George W. Griffith Lease.
5. The testimony indicates that a well to be drilled at the proposed location would require some such addition to the spaced area as the Applicant desires to have added to the said spaced area, and that the

proposed unit for the George W. Griffith No. 1 Well, containing 640 acres, is a reasonable unit for such purpose and is a unit that could reasonably and economically be drained by said proposed well under present circumstances.

6. The testimony indicates that, in the event the proposed unit is approved, the location of the well would not be provided with sufficient protective acreage in that an operator on a lease or unit to the northeast could drill a well as close as 330 feet from the northeastern boundary of said proposed unit if the area to the northeast is not made subject to spacing order control.
7. The area described in Exhibit B of the Application sought to be included in the area made subject to spacing order jurisdiction, northeast of the proposed drilling unit is a reasonable possible drilling unit based on the conditions known at this time, and should be included in the area made subject to spacing order control.

CONCLUSIONS OF LAW

1. A spacing order modifying Spacing Order No. 7 is deemed to be necessary.
2. The George W. Griffith proposed unit should be ratified and approved.
3. The terms and conditions upon which the royalty interests in the proposed unit should be deemed to be integrated should be prescribed.

ORDER

Accordingly, the Commission does order that:

1. The area included in and covered by this Spacing Order No. 7-A shall be the 964 acres described on the map Exhibit A of the Application,

said map having been marked "MAP EXHIBIT TO SPACING ORDER NO. 7-A OF THE OIL AND GAS CONSERVATION COMMISSION FOR HUNTERSVILLE CHERT-ORISKANY SANDSTONE PRODUCTION OF GAS IN THE RAGER MOUNTAIN POOL." Said map is hereby incorporated into and made a part of this Order, and will be kept in the records of the Oil and Gas Conservation Commission, 506 Benedum Trees Building, 223 Fourth Avenue, Pittsburgh, Pennsylvania.

2. The unit, designated as the George W. Griffith Unit on the map incorporated into this Order, containing 640 acres, is hereby ratified and approved by this Commission.
3. Not more than one (1) well shall be drilled for the production of gas from the Huntersville Chert or Oriskany Sandstone horizons, and no well within the area designated under this Spacing Order shall be located closer than one thousand (1,000) feet from the nearest unit boundary line.
4. Upon application, the Commission does authorize, without notice or hearing, issuance of a drilling permit on the 640 acres immediately to the northeast of the George W. Griffith Unit ratified and approved in Paragraph 2 hereof.
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 George W. Griffith 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. In the event the land northeast of the said George W. Griffith Unit included within the area covered by this Spacing Order, all as indicated on the Map Exhibit hereto, shall not have been formed into a unit pursuant to this Order within three (3) years from the date hereof, then such land not so formed into a unit shall be no longer subject to any of the provisions of this Order and shall be deemed, without further notice and hearing, to be excluded herefrom.
7. This Order shall be recorded in the Office of the Recorder of Deeds, Cambria County, Pennsylvania.

By the Commission

C. P. Newman
Chairman

Dated: August 30, 1967