

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-A)
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-B

SPACING ORDER NO. 7-B

APPEARANCES

At the Hearing held November 30, 1967, William A Jones, Esquire, on behalf of The Peoples Natural Gas Company; Louis Emanuel, Esquire, on behalf of Kewanee Oil Company, Mont Stahlman Lumber Company, Inc., and Francis J., Carl, Gloria, and Geraldine Raymond; John L. Wilson, Esquire, and Rolland L. Ehrman, Esquire, on behalf of T. W. Phillips Gas and Oil Company; and Francis Freidhoff, on behalf of himself.

HISTORY OF THE CASE

1. November 2, 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 Orders No. 7 and 7-A, pursuant to Section 7, Clause (7) of the Oil and Gas Conservation Law, to include additional lands believed to be underlaid by the same Oriskany sand pool which underlies the lands already subject to spacing under Spacing Order No. 7-A and for approval of a drilling unit.

2. November 14, 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, Pittsburgh, Pennsylvania, at 10:00 A. M., Eastern Standard Time, November 30, 1967.
3. November 15, 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 said county. The same notification was published in the November 22, 1967, issue of the same paper.
4. November 30, 1967, its being necessary to change the place of the Hearing, upon the posting of temporary notice and announcement, the Hearing was held in Room 1209, State Office Building, Pittsburgh, Pennsylvania, three doors down the corridor from the Public Utility Commission Hearing Room, and due to the failure of certain of the persons interested to arrive on time due to inclement weather, the Hearing was not formally convened until 10:40 A. M. At the Hearing, the testimony having been taken, and after agreement by counsel both for the Applicant and for the Protestants, the Commissioners set the date, Friday, December 8, 1967, at 10:00 A. M., for continuance of the Hearing for the purpose of accepting briefs to be filed and for oral argument, to be held in Room 1209, State Office Building, Pittsburgh, Pennsylvania.
5. December 8, 1967, the Commission met at the time and place designated, accepted the briefs of both the Applicant and for the Protestants for the record, and heard the oral arguments of William A Jones and of Louis Emanuel. Thereafter, each of the attorneys named offered a rebuttal.
6. December 8, 1967, the Commission met for the purpose of considering the evidence, and reached a decision.

QUESTIONS AT ISSUE

1. Is a modification to Spacing Order No. 7-A necessary under all the circumstances?
2. If a Spacing Order modifying Spacing Order No. 7-A is necessary, what should be its provisions?

FINDINGS OF FACT

1. The records of Spacing Order No. 7, entered April 15, 1966, and Spacing Order No. 7-A, entered August 30, 1967, are pertinent to the questions at issue and are incorporated herein by reference.
2. The only additional drilling for gas to the formations and in the area covered by Spacing Order No. 7, entered April 15, 1966, and by Spacing Order No. 7-A, entered August 30, 1967, was the George W. Griffith No. 1 Well of The Peoples Natural Gas Company, drilled on the unit approved by the Commission in paragraph 2 of Spacing Order No. 7-A and completed in October, 1967, which proved to be productive of gas from the Oriskany Sandstone formation.
3. The testimony indicates that the productive limit at the eastern side of the proposed unit is fairly well defined by a rather large fault pattern, and that the triangular area along the southeastern boundary proposed to be omitted from the unit, comprising approximately twenty (20) acres, should be so omitted and released from spacing order control.
4. The testimony points out that the said George W. Griffith Well No. 1 indicates that the Rager Mountain Pool is continuous as to the portions of the pool already drilled and probably extends beyond the limits made subject to spacing order control and proposed in the Application, and the area comprising one hundred eighteen (118) acres at the northeastern boundary proposed to be included in the area covered by this spacing order and in the proposed unit should be so included.

5. The testimony indicates that information as to the productive limits from the formations covered at the northwestern edge of the proposed unit is obscure, that gas may or may not underlie the land along this boundary, and that there is no reason for the irregular boundary proposed in this area other than the following of property lines. The Commission finds that the exclusion from the proposed drilling unit of parts of the several leases along the northwestern boundary of the spaced area, but within said area, proposed by Applicant to be excluded from the unit, would exclude certain acreage believed to be productive, and that such acreage should be included in any drilling unit established by this order. The Commission also finds that any exclusion of lands from the 640 acres within the spaced area, north of the George W. Griffith Unit, ratified and approved by Spacing Order 7-A, entered August 30, 1967, or the inclusion of additional lands in such area for the formation of a drilling unit, will in no manner change any drilling unit established or approved by this Commission, since the said 640 acres was added to the spaced area, as proposed by Applicant in said proceedings, as protective acreage for the then proposed George W. Griffith Well No. 1, and was not established as a drilling unit by the said Spacing Order No. 7-A.

6. The testimony, the existing physical facts, and the topography indicate that units within the Rager Mountain Pool should comprise not less than 640, nor more than 750 acres, that the acreage within the northeastern part of the spaced area remaining as a result of the changes contemplated herein, comprising 738 acres, forms an area which can reasonably and economically be drained by one well drilled to the formations covered and should be established as a drilling unit to be designated as the Patele Coal Company, Shoemaker Unit, and should be ratified and approved by this order, that only one well should be drilled for production from such formations on the said unit, and that any such well should be located no closer than one thousand (1,000) feet from the nearest unit boundary line.

CONCLUSIONS OF LAW

1. A spacing order modifying Spacing Order No. 7-A is deemed to be necessary under all of the circumstances.
2. The Patele Coal Company, Shoemaker Unit should be established, ratified, and approved.
3. The terms and conditions upon which the royalty interests in the said unit should be deemed to be integrated should be prescribed.

ORDER

Accordingly, the Commission does order that:

1. The Map Exhibit to this Spacing Order No. 7-B of the Oil and Gas Conservation Commission for Huntersville Chert-Oriskany Sandstone production of gas in the Rager Mountain Pool is the map submitted with the Application, adapted to suit the purposes of this Order, and 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. Certain small portions of the Robert C. McFadden Tract of 420 acres, the Bethlehem Mines Tract of 152 acres, and the George W. Griffith Tract of 620 acres along the southeastern boundary of the proposed unit, amounting to approximately twenty (20) acres, identified by wavy lines extended from southwest to northeast on the MAP EXHIBIT hereto, are hereby removed and released from any spacing order control of this Commission, all as indicated on the MAP EXHIBIT to this Spacing Order No. 7-B.
3. The area, comprising one hundred eighteen (118) acres, as indicated on the MAP EXHIBIT to this spacing order, is hereby made subject to the provisions of this Spacing Order No. 7-B, so that the area now subject to spacing order control in the Rager Mountain Huntersville Chert-Oriskany Sandstone Gas Pool is the six thousand four hundred (6,400) acres covered by Spacing Order No. 7, entered April 15, 1966, the nine

hundred sixty-four (964) acres covered by Spacing Order No. 7-A, entered August 30, 1967, and one hundred eighteen (118) acres herein made subject to the provisions of this spacing order, less the twenty (20) acres herein removed and released from spacing order control, making in all, seven thousand four hundred sixty-two (7,462) acres, all as indicated on the various map exhibits to the respective spacing orders.

4. The area defined on the MAP EXHIBIT to this spacing order, marked by crosshatched lines and the dotted design thereon, is hereby designated as the Patele Coal Company, Shoemaker Unit, comprising seven hundred thirty-eight (738) acres, and is hereby established, ratified, and approved by this Spacing Order No. 7-B.
5. Not more than one well shall be drilled for oil and/or gas to the Huntersville Chert-Oriskany Sandstone horizons on the unit hereinabove established, ratified, and approved, and no well on said unit proposed to be drilled to the said formations shall be located closer than one thousand (1,000) feet from the nearest unit boundary line.
6. 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 Patele Coal Company, Shoemaker 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.

7. This Order shall be recorded in the Office of the Recorder of Deeds, Cambria County, Pennsylvania.

By the Commission

C. P. Humeau
Chairman

Dated: December 18, 1967