

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

IN THE MATTER OF THE APPLICATION OF)
KEWANEE OIL COMPANY FOR MODIFICATION)
OF SPACING ORDER NO. 8 TO ADD 640 ACRES)
TO THE SPACING ORDER AREA HERETOFORE)
ESTABLISHED, AND FOR APPROVAL OF SUCH)
DRILLING UNIT IN THE GAS POOL DISCOVERED)
BY THE BURLEY NO. 1 WELL, SAID AREA) SPACING ORDER
BEING LOCATED IN WEST CARROLL, EAST) DOCKET NO. 8-A
CARROLL, SUSQUEHANNA, ELDER AND CHEST)
TOWNSHIPS, CAMBRIA COUNTY, PENNSYLVANIA)

SPACING ORDER NO. 8-A

APPEARANCES

At the Hearing held January 13, 1971, Louis Emanuel, on behalf of Kewanee Oil Company; John F. Keltz, on behalf of Felmont Oil Corporation; D. Dailey on behalf of himself; and Roy Fairman, on behalf of Fairman Drilling Company.

HISTORY OF THE CASE

1. December 23, 1970, an application was filed in the office of the Oil and Gas Conservation Commission, Department of Mines and Mineral Industries, by Kewanee Oil Company, Brookville, Pennsylvania, for modification of Spacing Order No. 8, entered May 8, 1969, to add 640 acres to the area subject to Spacing Order No. 8, in Elder and Susquehanna Townships, Cambria County, Pennsylvania, for approval of the drilling unit to be formed by said 640 acres, designated by the Applicant as the Westrick A Unit, and for the integration of working interests in the Westrick Unit, approved by Spacing Order No. 8. The application for integration of the Westrick Unit is to be considered under separate proceedings covered by Integration Order Docket No. 8-1.

2. December 28, 1970, notification was sent by Buchanan, Ingersoll, Rodewald, Kyle and Buerger, Attorneys for the Applicant, to each of the operators and royalty owners having interest in the area proposed to be added to that spaced by Spacing Order No. 8, and by the Commission to those who had indicated to the Commission that they wished to be notified of any hearings that may affect lands in the area that a hearing would be held, Wednesday, January 13, 1971, at 10:00 A. M., Eastern Standard Time, in Room 514, State Office Building, Pittsburgh, Pennsylvania, to consider the application.
3. December 29, 1970, notification of said hearing was published in the Johnstown Tribune Democrat, Johnstown, Pennsylvania, a daily newspaper in general circulation in Cambria County, Pennsylvania. The same notification was published January 5, 1971, in the same newspaper.
4. January 13, 1971, the place for holding the hearing was changed to provide a more suitable hearing room for the purposes to The Public Utility Commission Hearing Room, 1212 State Office Building, Pittsburgh, Pennsylvania, and a notice of the change was posted at the place originally advertised and a receptionist stationed there to advise any who appeared of the change. The Hearing was held in The Public Utility Commission Hearing Room, and the Commission heard the testimony of Edward A. Broome, District Superintendent, Richard Y. Haddad, Consulting Geologist, on behalf of the applicant; and D. Daily, on behalf of himself.

QUESTIONS AT ISSUE

1. Is a Spacing Order modifying Spacing Order No. 8 necessary under all the circumstances?
2. If a modification of Spacing Order No. 8 is necessary, what should be its provisions for the protection of the correlative rights of the operators and royalty owners in the area?

FINDINGS OF FACT

1. The testimony indicates that Kewanee Oil Company is the operator of the Burley No. 1 Well, located in West Carroll Township, Cambria County, Pennsylvania, the discovery well of the so-called Burley Oriskany Sandstone Gas Pool, and is a substantial owner in the area requested to be added to the area spaced by Spacing Order No. 8.
2. The testimony indicates that geological and geophysical studies made in the area disclose faulting conditions at depth that may provide a trap for gas accumulation, and that these conditions exist in the Westrick A Unit sought to be added to the area spaced by Spacing Order No. 8, and if such a pool exists, it is believed it would be a common gas pool under the area already subject to spacing control and that within the proposed additional area. Accordingly, the proposed additional area should be included in the area made subject to control by Spacing Order No. 8.
3. The testimony indicates that the area requested to be added to the area spaced by Spacing Order No. 8 is an area, one mile square, that it conforms to the size and shape of the units approved in said spacing order, and is an area which will comprise an efficient and economical unit for the drilling of one well for the production of gas from the Huntersville Chert-Oriskany Sandstone horizons. Accordingly, the proposed area to be added to that made subject to control under Spacing Order No. 8 should be approved as a unit and made subject to the same provisions as to spacing as the other units approved by Spacing Order No. 8.
4. The testimony indicates that a drilling permit has been applied for with the application for the drilling of a well into the aforesaid formations on the said proposed unit, and that the issuance of said permit should be authorized.

5. The existing physical facts, the topography, and general conditions in the area indicate that in the event any unit approved by this order shall not have been drilled before three years from the date of Spacing Order No. 8, entered May 8, 1969, such unit on which no well shall have been drilled should be released from spacing order control.

CONCLUSIONS OF LAW

1. A spacing order is necessary under all the circumstances.
2. Approval of the drilling unit is necessary for the protection of correlative rights of the parties involved.
3. Limitations are necessary and are so described in the following order.
4. The royalty interests in the drilling unit established by this order should be integrated in accordance with Section 8 (a) of the Oil and Gas Conservation Law.

ORDER

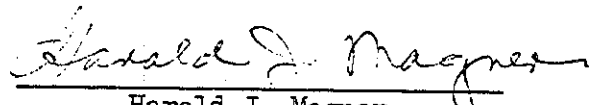
1. The area included in and covered by this Spacing Order shall be the area, designated as the Westrick A Unit, one mile square, the southeast boundary of which coincides with the northwest boundary of the second northernmost unit approved by Spacing Order No. 8, entered May 8, 1969, now designated as the Westrick Unit, both units, among others, having been outlined in red on the map submitted by Kewanee Oil Company in support of the application, said additional area being situate in Elder and Susquehanna Townships, Cambria County, Pennsylvania, said map having been marked, "MAP EXHIBIT TO SPACING ORDER NO. 8-A OF THE OIL AND GAS CONSERVATION COMMISSION FOR HUNTERS-VILLE CHERT AND ORISKANY SANDSTONE PRODUCTION OF GAS FROM THE POOL DISCOVERED

BY THE BURLEY NO. 1 WELL OF KEWANEE OIL COMPANY." Said map is hereby incorporated into, made a part of this Order, and will be kept in the records of the Oil and Gas Conservation Commission, Oil and Gas Division, Department of Environmental Resources, 1205 State Office Building, Pittsburgh, Pennsylvania.

2. The area described hereinabove, comprising six hundred and forty (640) acres, is hereby designated as the Westrick A Unit, and is hereby established, ratified, and approved by this Commission.
3. Not more than one well shall be drilled for gas to the Huntersville Chert or Oriskany Sandstone horizons within said unit.
4. No well within the said unit shall be drilled for the production of gas from the Huntersville Chert or Oriskany Sandstone horizons closer than fifteen hundred (1,500) feet from the unit boundary, nor shall the location be closer than four thousand (4,000) feet from any other well drilled or drilling for gas from the said horizons.
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 unit established, ratified, and approved by this order are hereby deemed to be integrated each into one unit. Production of natural gas from any one of the separately owned tracts in said unit shall constitute production of natural gas from every other tract included within the unit. 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 such unit. Payment of said royalties shall be effective as of the date of first production from such unit.

6. In the event that no well shall have been drilled on the unit hereinabove established, ratified, and approved within three years of the date of Spacing Order No. 8, entered May 8, 1969, then said unit on which no well shall have been drilled shall be released from any control by this Order without any further action by this Commission.

By the Commission



Harold J. Magner,
Chairman

Dated: January 13, 1971