

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

IN THE MATTER OF THE APPLICATION OF )  
ROBERT E. EBERLY FOR A SPACING ORDER )  
IN THE RAGER MOUNTAIN POOL, JACKSON, ) SPACING ORDER  
WEST TAYLOR AND LOWER YODER TOWNSHIPS, ) DOCKET NO. 7  
CAMBRIA COUNTY, PENNSYLVANIA )

SPACING ORDER NO. 7

APPEARANCES

At the Hearing held February 8, 1966, Peter U. Hook, Attorney, of the firm, Ray, Buck, John and Hook, on behalf of the Applicant; John W. Taylor, Attorney, on behalf of Alvin Rager and Albert Rager; William A. Jones, Attorney, on behalf of The Peoples Natural Gas Company; and, Eugene Frund, on behalf of Pennsylvania Department of Forests and Waters.

At the Hearing held March 8, 1966, the said Peter U. Hook, and William A. Jones, Attorneys, on behalf of the parties hereinabove indicated; and Rolland L. Ehrman, Attorney, on behalf of T. W. Phillips Gas and Oil Company.

HISTORY OF THE CASE

1. January 12, 1966, an application was filed in the office of the Oil and Gas Conservation Commission, Department of Mines and Mineral Industries, by Robert E. Eberly, of Uniontown, Pennsylvania, for a Spacing Order, encompassing an area two (2) miles by five (5) miles, Jackson, West Taylor and Lower Yoder Townships, Cambria County, Pennsylvania. Applicant

purports to be an owner of a working interest in the George L. Reade No. 1 Well, Drilling Permit CBA-5, drilled by The Peoples Natural Gas Company, in Jackson Township, Cambria County, Pennsylvania, and said to be the discovery well of what has since been named the Rager Mountain Pool.

2. January 20, 1966, 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., February 8, 1966.
3. January 24, 1966, 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, in the Indiana Evening Gazette, Indiana, Indiana County, Pennsylvania, and in the Greensburg Tribune Review, Greensburg, Westmoreland County, Pennsylvania, daily newspapers in the respective counties.
4. January 31, 1966, a second notice was published in the aforesaid papers announcing the time, place and purpose of the Hearing.
5. February 8, 1966, the Hearing was held at the time and place specified in the notice. Upon the submission of evidence, and the request of the Applicant, a transcript of which is filed in the Office of the Commission, 506 Benedum Trees Building, 223 Fourth Avenue, Pittsburgh, Pennsylvania, the Commission ruled that the proceedings be postponed until March 8, 1966, when a Hearing would be held concerning this matter in the Public Utility Commission Hearing Room, 12th Floor, State Office Building, 300 Liberty Avenue, Pittsburgh, Pennsylvania, at 10:00 A. M.
6. February 8, 1966, notification of the postponement was mailed to all parties believed to be interested in the proceedings who did not appear at the Hearing held this day.

7. March 8, 1966, the second Hearing was held at the time and place set forth in the notice, and the Commission heard the evidence of Robert E. Eberly, the Applicant, and George O. Scott, Chief Geologist, The Peoples Natural Gas Company.
8. March 16, 1966, a Map was filed by The Peoples Natural Gas Company, with the title, "North Johnstown Area, Cambria Co., Penna., Revised March 1, 1966," showing more completely than the map filed with the application the property and oil and gas ownership within the area proposed to be made subject to spacing order, the G. L. Reade Well location and unit, and the M. E. Bole Well location and unit.
9. Thereafter, the Commission met for the purpose of considering the record of the Hearing, and reached a decision.

#### QUESTIONS AT ISSUE

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

#### FINDINGS OF FACT

1. The George L. Reade No. 1 Well, Drilling Permit CBA-5, drilled by The Peoples Natural Gas Company, in Jackson Township, Cambria County, Pennsylvania, established the existence of a gas pool in the Onondaga Chert and Oriskany Sandstone horizons, said pool having since been identified as the Rager Mountain Pool. The location of the discovery well is seventeen hundred (1700) feet south of Latitude 40 degrees, 25 minutes, and seventy-seven hundred (7700) feet west of Longitude 78 degrees, 55 minutes.
2. The discovery well was completed October 19, 1965, to a total depth of 7810 feet, with some gas shows from the Huntersville Chert above

this depth, but with the major flows from 7808 to 7810 feet in the Oriskany Sandstone. Total flow as measured after pulling drill pipe was 8.2 million cubic feet per day, with a shut in rock pressure of 3196 pounds, dead weight, in 168 hours.

3. The owners of working interests in the discovery well are Bethlehem Steel Company, The Peoples Natural Gas Company, William E. Snee, Orville Eberly and the Applicant, Robert E. Eberly.
4. The discovery well is located close to the center of a relatively square voluntary drilling unit of six hundred forty (640) acres, and close to the center of the area proposed to be made subject to spacing order. The location is two thousand four hundred (2,400) feet from the closest boundary of the voluntary drilling unit formed by the operators.
5. The only other well in the pool capable of production is the M. E. Bole No. 1 Well, of T. W. Phillips Gas and Oil Company, in Jackson Township, Cambria County, Pennsylvania, as shown on the map submitted with the Application. The well was completed early in January, 1966, for an initial daily open flow of approximately 15 million cubic feet of gas per day from the Huntersville Chert and Oriskany Sand between the depths of 7692 and 7819 feet, with an estimated pressure of 3235 psi. The well is located approximately one thousand (1,000) feet from the northeast boundary of the Bole Unit, a voluntary unit formed by the operator, containing six hundred nineteen (619) acres.
6. The testimony indicates that the said area, two (2) miles wide by five (5) miles long, as delineated on the map submitted by The Peoples Natural Gas Company, March 16, 1966, includes a portion of the area underlain by the Rager Mountain Pool, capable of producing gas from the Huntersville Chert and Oriskany Sandstone horizons, and should be made subject to a spacing order.

7. The testimony, the existing physical facts and the topography indicate that units should comprise not less than six hundred (600) acres, and not more than seven hundred and fifty (750) acres, and that only one well should be permitted on each such unit, that any such permitted well should be located at least one thousand (1,000) feet from the nearest unit boundary line, and should be not less than three thousand five hundred (3,500) feet from the nearest productive well drilled, or any well drilling, for production of gas from the Huntersville Chert and/or Oriskany Sandstone horizons within the designated spacing order area.
  
8. In order to minimize the inconveniences of the operators involved, the Commission finds that it should approve, without notice and hearing, any drilling permit application for a well to be drilled on a voluntary drilling unit having a common boundary with the northern boundary of the G. L. Reade Unit, or with the southern boundary of the M. E. Bole Unit, along a distance in excess of fifty percent (50%) of the length of the designated boundary of either of said named units, provided that any such voluntary unit should be approximately the shape of the said named units, and that any such application complies with the provisions of the Order, Section 7, of the Oil and Gas Conservation Law (P. L. 875, approved July 25, 1961), and Section 8, of the Rules and Regulations promulgated thereunder. The Commission is without evidence upon which to base approval of any voluntary unit that may be formed in accordance with the foregoing provisions, and recognizes that notice and hearing will be required so that evidence may be heard before consideration may be given to approval of any such voluntary unit, or to approval of any additional unit or drilling permit application.

#### CONCLUSIONS OF LAW

1. A Spacing Order is deemed to be necessary.
  
2. The G. L. Reade Unit and the M. E. Bole Unit,  
each voluntarily formed by the operators within

the pool, should be ratified and approved.

3. The terms and conditions upon which the royalty interests should be deemed to be integrated in the two (2) said units should be prescribed.

#### ORDER

Accordingly, the Commission does order that:

1. The area included in and covered by this Spacing Order shall be the area outlined in red on the map submitted by The Peoples Natural Gas Company, March 16, 1966, comprising six thousand four hundred (6,400) acres of land in Jackson, West Taylor and Lower Yoder Townships, Cambria County, Pennsylvania, said map having been marked "MAP EXHIBIT TO SPACING ORDER NO. 7, OF OIL AND GAS CONSERVATION COMMISSION FOR HUNTERSVILLE CHERT AND ORISKANY SANDSTONE PRODUCTION IN THE RAGER MOUNTAIN POOL." Said 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, 506 Benedum Trees Building, 223 Fourth Avenue, Pittsburgh, Pennsylvania.
2. The unit, comprising six hundred forty (640) acres, designated as the G. L. Reade Unit, of The Peoples Natural Gas Company, and the unit, comprising six hundred nineteen (619) acres, designated as the M. E. Bole Unit, of T. W. Phillips Gas and Oil Company, both as defined on the said map incorporated into this Order, are hereby ratified and approved by this Commission.
3. Each well within the designated area under this Spacing Order shall be drilled on a unit of not less than six hundred (600), nor more than seven hundred and fifty (750) acres, and not more than one (1) well shall be drilled for the production of gas from the Huntersville Chert or Oriskany Sandstone horizons on any unit. Wells shall be located not less than three thousand five hundred (3,500) feet from any other well productive of, or

drilling for, gas from the Huntersville Chert and/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 either or both of two (2) voluntary units, one having a common boundary line with the northern boundary line of the G. L. Reade Unit along a distance in excess of fifty percent (50%) of the length of said named boundary, as marked on the map exhibit to this Spacing Order in transparent red, from point A to point B, the other having a common boundary line with the southern boundary line of the M. E. Bole Unit along a distance in excess of fifty percent (50%) of the length of the said Bole Unit boundary, similarly marked on the said map exhibit hereto, from point U, through V, W, X, and Y, to point Z, provided, however, that any voluntary unit for the drilling of a proposed well be approximately the shape of the said named units, and that any such application shall be accompanied by a plat defining the entire spacing unit and well location in compliance with the provisions of this Order.
5. Upon application for approval of any such voluntary unit to be formed in accordance with the foregoing provisions, or for approval of additional drilling units, or for additional drilling permits not provided for in Paragraph 4, hereof, the Commission will give notice of not less than fifteen (15) days by publication, and in writing to those who are known or believed to be interested, that a hearing will be held, and evidence heard, for the determination of the factors and considerations involved in any approval, alteration or rejection by the Commission of any such voluntary or proposed drilling unit or units, and approval or rejection of any such drilling permit application or applications.

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 Reade and Bole Units, are hereby deemed to be integrated into one unit for each of said units. Production of natural gas from any one of the separately owned tracts included within either of the said units shall constitute production of natural gas from every other tract included within such unit in which such 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 each of said units.
7. In the event that any of the land included within the area covered by this Spacing Order shall not have been included within a unit formed pursuant to this Order within a period of three (3) years from the date hereof, then such land or lands not so included within a unit shall be no longer subject to any of the provisions of this Spacing Order and shall be deemed, without further notice or hearing, to be excluded herefrom.
8. This Order shall be recorded in the Office of the Recorder of Deeds, Cambria County, Pennsylvania.

BY THE COMMISSION

Charles P. Duncan, Jr.  
Vice Chairman

Dated: April 15, 1966