

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL RESOURCES
OIL AND GAS DIVISION

IN THE MATTER OF THE PETITION OF	)	
FELMONT OIL CORPORATION FOR A MODIFICATION	)	MODIFICATION ORDER
AND AN INTEGRATION ORDER COVERING UNITS	)	AND
NO. 25 AND 26 TO BE ADDED TO SPACING ORDER	)	INTEGRATION ORDER
NO. 10, PINE AND BUFFINGTON TOWNSHIPS,	)	DOCKET NO. 10-4
INDIANA COUNTY, PENNSYLVANIA	)	

MODIFICATION ORDER TO SPACING ORDER NO. 10 AND INTEGRATION ORDER

HISTORY OF THE CASE

1. July 5, 1977, a petition was filed in the office of the Oil and Gas Division, Department of Environmental Resources, by Felmont Oil Corporation, Olean, New York, for a Modification and an Integration Order covering Units No. 25 and 26, containing 334.19 and 373.70 acres, respectively, Units 25 and 26 to be added to those units approved by Spacing Order No. 10, entered March 20, 1970, covering the Pineton Oriskany Gas Pool, Indiana and Cambria Counties, Pennsylvania. The said petition for Modification and Integration Order includes:
 - (a) a map of the Pineton Pool showing those units having been approved by Spacing Order No. 10 and showing the location of the units formed voluntarily and the tracts of land, or portions thereof, in Units No. 25 and 26, also showing the location of the wells already drilled and completed on Units 25 and 26;
 - (b) a list of the royalty owners, their acreage, and percentage interest in Units No. 25 and 26;
 - (c) applicant's Schedule A of Unit 25 and Schedule A of Unit 26 showing those interests under lease and those interests not leased;
 - (d) an Authority for Expenditure indicating itemized costs in connection with said producing well on Unit 25 totalling \$254,438, and estimated costs in connection with a producing well drilled on Unit 26 totalling \$242,217.00;
 - (e) a statement of Distribution of Cost among the various operators in the proposed well, with the percentage interest of each;
2. On August 4, 1977, a revised schedule was submitted by adding 5.2 acres of McHenry Heirs to Unit 25, and on October 6, 1977, the original schedule for Unit 25 was resubmitted omitting the McHenry parcel.

3. On September 14, 1977, and again on November 9, 1977, the Division met with the Oil and Gas Advisory Committee for the purpose of considering the petition for a Modification and an Integration Order and reached a decision.

QUESTIONS AT ISSUE

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

FINDINGS OF FACT

1. The Division finds that this is a petition of Felmont Oil Corporation for a Modification Order and an Integration Order, and adjudicating the rights and equities of the owners of Oil and Gas interests in Units No. 25 and 26, to be added to Spacing Order No. 10, and amended by Modification Docket No. 10-A, said units comprising 334.19 and 373.70 acres respectively, Pine and Buffington Townships, Indiana County, Pennsylvania, that notice has been given to the owners of the 334.19 and 373.70 acres within said units, and that the Division has jurisdiction over the subject matter herein as it pertains to the original 19 units in Spacing Order No. 10. The Division recognizes that only the Huntersville Chert-Oriskany Sandstone Horizons were spaced and formed into units in Spacing Order No. 10, so that the subject matter herein be so limited.
2. The petition, Notice, Testimony, Findings of Fact, Conclusions of Law, Order and all papers filed in connection with Spacing Order No. 10, and amended by S. O. Modification Order Docket No. 10-A are incorporated into and made a part of this record by reference.
3. Units 20, 21, 22, 23, and 24 were formed voluntarily and meet the location requirements.
4. The omitting of the McHenry parcel of 5.2 acres in Unit 25, which changes the uniform character of the rectangular shape slightly but follows property lines, is justified, because of McHenry lease complications and the large number of McHenry heirs not located.

5. The revised plat of Unit 25 and plat of Unit 26 submitted with the application, should be incorporated into and made a part of this Order.
6. The location plat of Unit 25 filed with the Department indicated the location of the completed well is at approximately the center of Unit No. 25, in Pine and Buffington Townships, Indiana County, at 40° 34' 07.923" Latitude and 78° 58' 25.330 Longitude, and that the plat of Unit 26 indicating the location to be at approximately the center of Unit 26, in Pine Township, at 40° 37' 46,000" Latitude and 78° 54' 10.838" Longitude, and that both locations meet the criteria imposed by Spacing Order No. 10.
7. The lists of royalty owners submitted are attached hereto:
 - Unit No. 25 - Schedule A
 - Unit No. 26 - Schedule A
8. The Authority for Expenditure filed with the application in which itemized costs are listed in connection with the drilling and completion of the proposed well, totals \$254,438.00 for a producing well in Unit 25, and \$242,217 for a producing well in Unit 26, and should be approved.
9. The statement of Distribution of Costs filed with the application, is as follows:

SCHEDULE B

UNIT 25

PERCENTAGES WITH UNLEASED ACREAGE NON-PARTICIPATING

	<u>Acres</u>	<u>Percent of Unit</u>	<u>Estimated Participants Cost Producing Well</u>
Con Gas	31.098	9.305	23,676
FOC	248.432	74.339	189,147
TWP	53.212	15.923	40,514
National Fuel	1.144	.342	870
Delta	.304	.091	231
	<u>334.190</u>	<u>100.000</u>	<u>254,438</u>

SCHEDULE B

UNIT 25

PERCENTAGES WITH UNLEASED ACREAGE PARTICIPATING

	<u>Acres</u>	<u>Percent of Unit</u>	<u>Estimated Participants Cost Producing Well</u>
Con Gas	22.784	6.818	17,347
FOC	240.117	71.851	182,816
TWP	44.898	13.435	34,184
National Fuel	1.144	.342	870
Delta	.304	.091	231
Gary Sipos, et al	6.400	1.915	4,874
Donald Johnston	2.000	.598	1,521
Wilma Johnston	2.400	.718	1,827
Ciro D'Elio	2.995	.896	2,280
Edward Yasick	1.148	.344	875
Richard E. Nicewonger, et al	10.000	2.992	7,613
	<u>334.190</u>	<u>100.000</u>	<u>254,438</u>

SCHEDULE B

UNIT 26

PERCENTAGES WITH UNLEASED ACREAGE PARTICIPATING

<u>Participants</u>	<u>Percent</u>	<u>Estimated Participants Cost Producing Well</u>
Felmont Oil Corp.	29.034	70,325
Consolidated Gas	41.029	99,379
T. W. Phillips	22.424	54,315
National Fuel	5.703	13,814
Delta Drilling	1.516	3,672
A. H. Seaman Heirs	.148	359
Henry Marcenzo	.072	174
Angelo Marcenzo	.074	179
	<u>100.000</u>	<u>242,217</u>

PERCENTAGES WITH UNLEASED ACREAGE NON-PARTICIPATING

<u>Participants</u>	<u>Percent</u>	<u>Estimated Participants Cost Producing Well</u>
Felmont Oil Corp.	29.120	70,533
Consolidated Gas	41.150	99,672
T. W. Phillips	22.490	54,475
National Fuel	5.720	13,855
Delta Drilling	1.520	3,682
	<u>100.000</u>	<u>242,217</u>

SCHEDULE A
UNIT 25
334.19 ACRES

<u>Lessor</u>	<u>Farm Name</u>	<u>Acres in Unit</u>	<u>Percent of Unit</u>
FOC	Earl G. Pifer	27.632	8.268
TWP	Lewis Hill	12.000	3.591
FOC	David Cremer	2.400	0.718
FOC	Hazel Hoffman	17.000	5.087
FOC	Richard Nicewonger, et al	15.600	4.668
NL	Richard D. Nicewonger, et al	10.000	2.992
NL	Gary Sipos, et al	6.400	1.915
FOC	Gary Sipos, et al	47.340	14.165
FOC	W. Otis Syster	9.200	2.753
TWP	Bertha G. Widdowson	2.000	0.598
TWP	Frank Jamison	26.400	7.900
FOC	Vernon L. Boring	1.600	0.479
FOC	Clarence Syster	38.532	11.530
FOC	Matthew A. Shilling, Sr.	1.200	0.359
FOC	Matthew Shilling, Jr.	0.500	.150
CON GAS	Matthew Shilling, Jr.	4.700	1.406
CON GAS	Vernon Hazlett	9.754	2.919
FOC	Ford R. Shankle, Sr.	3.180	0.952
FOC	Ralph Fisher	1.422	0.426
FOC	Roger E. Chilenski	0.270	.081
CON GAS	Roger E. Chilenski	0.100	.030
FOC	Lawrence Bouma	12.780	3.824
FOC	Fenella Hatch c/o George Hatch	35.100	10.503
NL	Donald Johnston	2.000	0.598
NL	Wilma Johnston	2.400	0.718
FOC	Dallas Ober	0.268	0.080
NL	Ciro D'Elia	2.995	0.896
FOC	Joseph J. Mancuso	0.972	0.291
NL	Edward Yasick	1.148	0.344
FOC	Charles F. Martin	0.460	0.138
FOC	Marian E. Minser	0.833	0.249
FOC	Ford R. Shankle, Jr.	1.204	0.360
FOC	Olive May Fair	16.800	5.027
CON GAS	Edward S. Williams, et al	20.000	5.985
(Inside agreement area)	TOTAL	334.190	100.000

UNIT 26

<u>Company</u>	<u>Farm Name</u>	<u>Acres in Unit</u>	<u>Percent of Unit</u>
J/A	Michael Guady	0.259	0.0693
J/A	Stewart Francis	0.859	0.2299
J/A	Enrico Moro	1.112	0.2976
Not Leased	A. H. Seaman Heirs	0.554	0.1482
Not Leased	Henry Marcenzo	0.271	0.0725
J/A	Earl Klingensmith	0.225	0.0602
Not Leased	Angelo Marcenzo	0.275	0.0736
J/A	Julius R. Sabo	3.090	0.8269
Con	Joseph Valazak, Jr.	2.720	0.7279
Con	Joseph Valazak, Sr.	43.200	11.5601
J/A	Vincent Mihoerck	0.520	0.1391
F.O.C.	Earl R. Stahl	36.000	9.6334
J/A	Annabel Falcone Heirs	5.600	1.4985
F.O.C.	Frank Trinkley, Jr.	13.200	3.5322
F.O.C.	J. Leonard Strong	98.695	26.4102
T.W.P.	C.B.C. (Isaac Griffith)	62.320	16.6765
T. W. P.	C.B.C. (John H. Hill)	42.000	11.2390
T.W.P.	C.B.C. (A. & H.M. Anderson)	4.000	1.0704
T.W.P.	C.B.C. (Mary L. McCullough & small corner of R. Mitchell)	40.800	10.9178
T.W.P.	C.B.C. (D. T. McGregor)	18.000	4.8167
TOTALS		373.700	100.0000%

10. The application included copies of agreements to participate in the drilling of a well in Unit Nos. 25 and 26 by:

Felmont Oil Corporation,
Consolidated Gas Supply Corporation,
T. W. Phillips Gas and Oil Company,
Sylvania Corporation (now National Fuel Gas Supply Corporation), and
Delta Drilling Company,

each having indicated that it is willing to advance the shares of all non-participating operators of the cost of said well, and if the well results in production to recover twice the amount of such costs out of the shares of non-participating operators of the production, the shares of the costs of such non-participating operators to be apportioned among the participating operators in the proportions as indicated in Schedule "B" of Units 25 and 26, the total being in proportion that their total acreage in the unit bears to total acreage in each unit. The order that may issue as a result of these findings should recognize the willingness hereinabove described.

11. The Division finds, further, that

Gary Sipos, et al	6.400 acres
Donald Johnston	2.000 acres
Wilma Johnston	2.400 acres
Ciro D'Elia	2.995 acres
Edward Yasick	1.148 acres
Richard D. Nicewonger, et al	10.000 acres

in Unit 25, and that

A. H. Seaman Heirs	.148 acres
Henry Marcenzo	.072 acres
Angelo Marcenzo	.074 acres

in Unit 26, (hereinafter referred to as non-participating operators) were properly and legally notified August 15, 1977 that the said modification and integration order was applied for. Accordingly, the Division finds that any order that may issue as a result of these findings should provide for advancement of the costs of drilling, completing, and operating the said proposed well attributable to the shares of the non-participating operators in the said units, for the recovery of twice such costs out of such share of production, if any, as provided for in Section 8 (c) of the Oil and Gas Conservation Law of 1961; provided, however, that each of the non-participating partners be notified that they shall have the right, within ten days of the date of such notice, to elect to participate in their share of the costs of drilling, completing, and operating the said proposed

well, by notifying the operator and this Division of their election to participate in said costs, and by paying such costs, accordingly, and that by so participating, they shall have the right to their share of production, if any is developed, from said well.

12. The Division finds that any order granting the request of applicant for this integration would be subject to Section 8 (b) of the said Conservation Law, and any order that may issue should include its provisions as adapted to the subject matter herein.
13. The Division finds that jurisdiction in these proceedings should be retained for all relevant purposes.
14. The Division finds that in the interest of encouraging development in the area, preventing waste, protecting correlative rights, and providing for the orderly development of the pool, this application should be granted.

CONCLUSIONS OF LAW

1. A modification and an integration order are necessary under all the circumstances.
2. For the protection of the correlative rights of the parties involved, an orderly plan should be provided for the administering of the wells and is described in the order which follows:

ORDER

IT IS THEREFORE ORDERED BY THE DEPARTMENT OF ENVIRONMENTAL RESOURCES, BUREAU OF LAND PROTECTION, DIVISION OF OIL AND GAS, OF THE COMMONWEALTH OF PENNSYLVANIA AS FOLLOWS:

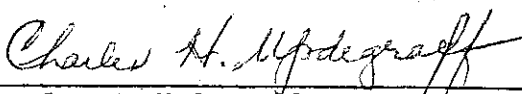
1. The map submitted with the application is incorporated into and made a part of this Modification and Integration Order, and will be kept on file in the official records of the Division, 1205 Kossman Building, Pittsburgh, Pennsylvania.
2. The provisions of this Order are limited to operations for, and production from, the Huntersville Chert-Oriskany Sandstone Horizons.
3. Felmont Oil Corporation is authorized to be operator of Units 25 and 26, Spacing Order Docket 10-B and Integration Order No. 10-4.

4. The non-participating operators within Units 25 and 26 are the only operators in the units who have not elected to participate in the costs of drilling, completing, and operating the said well. They should be notified, and by providing them with a copy of this order are notified, that they shall have the right to participate, by notifying this Division and the operator of the said well within ten (10) days from the receipt of this order that they elect to participate, and by paying their proportionate share that their acreage as shown in Schedule A bears to the 334.19 acres in Unit No. 25, or bears to the 373.70 acres in Unit No. 26, to the operator within said time, they shall be entitled to their proportionate share of production, if any is developed, from the said well. In the event that any of the non-participating operators do so elect, a copy of the operating agreement shall be filed with the Division, and is to be kept in the records of the Division.
5. In the event that the costs for the said share of non-participating operators are not paid within the ten days provided by this order, it shall be considered that they have elected not to participate in the said costs of said well, and the operators who have elected to participate in said costs shall pay said costs for the share of non-participating operators described hereinabove, the operators listed in Schedule A of Unit No. 25 and Schedule A of Unit No. 26 hereof in accordance with the percentage interest agreed upon in the said Schedule B of each unit, and the said participating operators shall be entitled to the share of production, if any, from Unit Nos. 25 and 26 accruing to the said interest of the non-participating operators, exclusive of one-eighth of the production, until the market value of such share of the production equals double the share of such costs payable by or charged to the said interest of non-participating operators. In any event, all non-participating operators will receive their percentage of the one-eighth royalty as determined under Schedules A. In calculating such costs, a reasonable charge for supervision may be included, together with costs of operation, and for interest at the rate of six percent (6%) from the time such costs were expended until such time as double such costs are recovered.
6. For the purpose of this order, the approximate cost of the well in Unit 25 of \$254,438.00 is fixed as the cost of drilling and completing the said well;

for well on Unit 26 the approximate cost of \$242,217 is fixed as the cost of drilling and completing the said well.

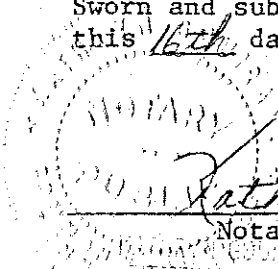
7. The statement of Distribution of Cost filed with the application and included in the Findings of Fact to this order is hereby approved.
8. The statement of owners included in the findings of fact hereto is approved. However, the Division assumes no responsibility as to title in the various ownerships, and if title corrections are required, the operator shall inform the Division accordingly.
9. All operations, including, but not limited to, the commencement, drilling, or operations of the wells in Unit Nos. 25 and 26, for which this integration order has been entered, shall be deemed for all purposes the conduct of such operations, upon each separately owned tract in the unit by the several owners thereof. That portion of the production allocated to a separately owned tract included in the unit shall, when produced, be deemed, for all purposes, to have been actually produced from such tract by a well drilled thereon.
10. The Division hereby retains jurisdiction in these proceedings for all relevant purposes.

By the Division of Oil and Gas


Charles H. Updegraff, Acting Chief

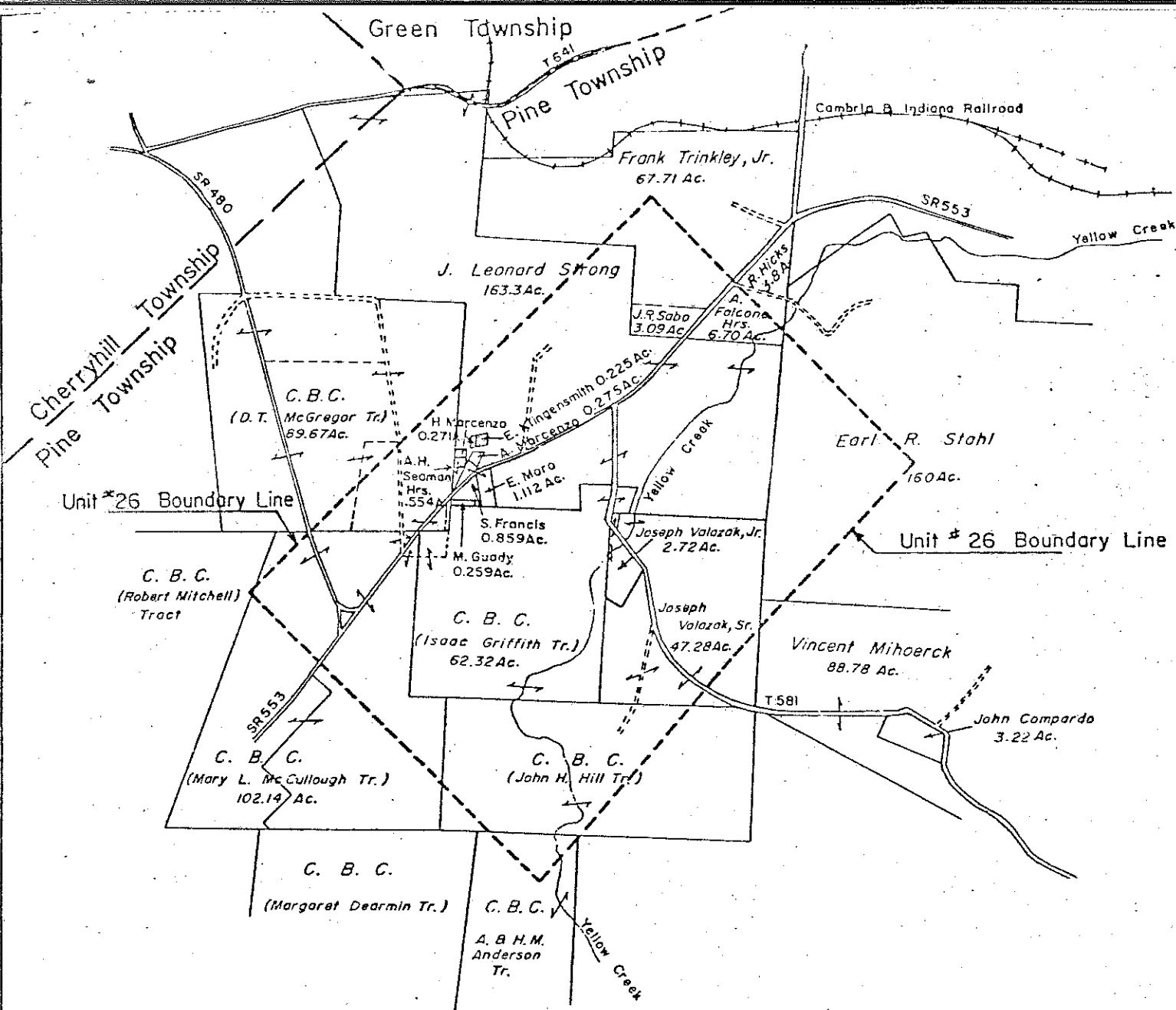
Dated: November 16, 1977

Sworn and subscribed before me
this 16th day of November, 1977.



Notary Public

KATHRYN LOUIE, Notary Public
PITTSBURGH, ALLEGHENY COUNTY, PA.
COMMISSION EXPIRES
APRIL 6, 1980



FELMONT OIL CORPORATION
OLEAN, NEW YORK

UNIT 26

PINETON GAS FIELD

Pine Township, Indiana County

Pennsylvania

(Plotted from deeds and Tax Maps)

Scale 1" = 1,320'

April 22, 1976

