

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
SUPERVISOR OF WELLS

IN THE MATTER OF

THE PETITION OF TRENDWELL ENERGY CORPORATION)
FOR AN ORDER FROM THE SUPERVISOR OF WELLS)
ESTABLISHING A UNIFORM SPACING PLAN CONSISTENT) ORDER NO. 08-2010
WITH ORDER NO. (A) 14-9-94 AND COMPULSORY)
POOLING ALL INTERESTS INTO THE UNIT LOCATED IN)
MILTON TOWNSHIP, ANTRIM COUNTY, MICHIGAN.)

AMENDED OPINION AND ORDER

On June 25, 2012, Trendwell Energy Corporation (Trendwell) filed a Motion to Amend Order No. 08-2010 to Extend Time to Drill Wells in this matter. Order No. 08-2010, effective August 9, 2010, formed the 960-acre Maplehurst Uniform Spacing Plan (USP) by compulsory pooling various unleased or unpooled mineral interests, into the USP. Order No. 08-2010 gave Trendwell two years to develop the USP in accordance with its project plan or submit to the Supervisor, technical data showing that the USP can be adequately drained by the existing development.

Trendwell had proposed drilling up to 12 wells in the Maplehurst USP. To date, three wells and a disposal well have been drilled and completed within the Maplehurst USP. Trendwell has been issued seven permits to drill wells within the Maplehurst USP, all of which are in effect until December 8, 2013. The drilling of additional wells and the installation of production facilities have not been commenced.

Subsequent to the issuance of Order No. 08-2010, natural gas commodity prices declined very significantly and are at the point where drilling of additional wells may not be economic. Trendwell is analyzing the production performance of existing wells and the economics of future wells drilled in the Maplehurst USP in order to determine whether the drilling of additional wells will be economic.

Trendwell requests that Order No. 08-2010 be amended to allow Trendwell an additional two years to attempt to develop the Maplehurst USP and to allow time for natural gas commodity prices to return to levels that justify development of the Maplehurst USP in substantial accordance with the project plan. Trendwell believes the issuance of an amended Opinion and Order extending the time for it to substantially develop the Maplehurst USP will prevent waste; will allow Trendwell the opportunity to secure and produce its just and equitable share of the oil, gas, and gas energy producible from the USP; and will not prejudice any party, including the owners of the interests that were compulsory pooled by Order No. 08-2010.

DETERMINATION AND ORDER

I find that extending the time allowed for drilling additional wells in the Maplehurst USP is reasonable and Order No. 08-2010 should be amended.

THEREFORE, IT IS ORDERED:

Paragraph 3 of the Determination and Order section of the original Opinion and Order effective August 9, 2010, in Cause No. 08-2010 is hereby amended in its entirety to provide as follows:

3. The Petitioner is named Operator of the USP. Within four years from the effective date of this Order, if the Maplehurst USP is not developed substantially in accordance with the project plan as submitted, the Supervisor may require Petitioner to submit technical data which supports a conclusion that the USP can be adequately drained by the existing development.

All other provisions of the original Opinion and Order No. 08-2010, effective August 9, 2010, are reaffirmed.

DATED: July 26, 2012


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