

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY

**ORDER OF THE SUPERVISOR OF WELLS**

IN THE MATTER OF:

THE PETITION OF O.I.L. ENERGY CORP. FOR AN	)	
ORDER FROM THE SUPERVISOR OF WELLS	)	
ESTABLISHING A UNIFORM SPACING PLAN	)	
CONSISTENT WITH ORDER NO. (A) 14-9-94 AND	)	ORDER NO. 16-2010
COMPULSORY POOLING ALL INTERESTS INTO	)	
THE UNIT LOCATED IN KEARNEY TOWNSHIP,	)	
ANTRIM COUNTY, MICHIGAN.	)	

**SECOND AMENDED OPINION AND ORDER**

at a session of the Department of Environmental Quality held  
at Lansing, Michigan, Harold R. Fitch, Assistant Supervisor  
of Wells, Presiding

On September 5, 2014, the Petitioner filed a Motion to Extend Well Development Schedule requesting relief from Order No. 16-2010, effective March 4, 2011 and Amended Order No. 16-2010. Order No. 16-2010 (i) formed an approximately 1,454-acre Uniform Spacing Plan (USP) as described therein; (ii) appointed O.I.L. Energy Corp., as the operator of the Kearney 29 USP and directed the Petitioner to complete the drilling of wells beneath in accordance with the Petitioner's project plan within two years from the effective date of that Order; and (iii) ordered the compulsory pooling of all properties, parts of properties, and interests within the Kearney 29 USP. Amended Order No. 16-2010 extended the deadline to complete drilling of wells to within four years from the effective date of the original Order.

The Petitioner in its Motion states the first well in the Kearney 29 USP has been drilled (Wonderland B2-29 well, PN 60276); however, the Petitioner will not have the USP developed substantially in accordance with its project plan prior to March 4, 2015. The Petitioner has invested in excess of \$1.7 million dollars in the Kearney 29 USP, including investment in facility equipment, a flow line system, and an Act 9 sales line, all of which are in place to accommodate future additional wells within the Kearney 29 USP. Economic conditions and commodity prices have interfered with the Petitioner's ability to drill the additional wells. Due to depressed natural gas prices over the past two years, it has not been economically feasible to drill additional wells in order to reach the drilling density outlined in the Kearney 29 Development Plan. Drilling additional wells under such conditions could constitute economic waste.

The Petitioner requests a second two-year extension of the drilling schedule, during which time the Petitioner expects improvement in the economic conditions under which

continued development of the USP area is dependent. The Petitioner owns or controls, and has the right to develop and operate under, currently effective oil and gas leases covering approximately 93 percent of the USP acreage and believes no prejudice to any party will occur as a result of extending the development schedule set forth in Amended Order No. 16-2010. At the request of the Assistant Supervisor of Wells, the Petitioner served its Motion on all parties filing Answers to its Petition and all owners of unleased mineral interests. These parties were given 30 days to file any objections to the Motion; however, no responses were received.

**DETERMINATION AND ORDER**

NOW, THEREFORE, IT IS ORDERED THAT:

Paragraph 3 of the Determination and Order section of the original Opinion and Order No. 16-2010, effective March 4, 2011, is hereby amended to provide as follows:

3. The Petitioner is named Operator of the USP. Within six years from the effective date of this Order, if the Kearney 29 USP is not developed substantially in accordance with the project plan as submitted, the Supervisor may require the Petitioner to submit technical data that supports a conclusion that the USP can be adequately drained by the existing development.

All other provisions of the original Opinion and Order No. 16-2010, effective March 4, 2011, are reaffirmed.

DATED: 10/31/2014

  
\_\_\_\_\_  
HAROLD R. FITCH  
ASSISTANT SUPERVISOR OF WELLS  
Office of Oil, Gas, and Minerals  
P.O. Box 30256  
Lansing, Michigan 48909-7756