

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
SUPERVISOR OF WELLS

IN THE MATTER OF

THE PETITION OF KOSCO ENERGY GROUP, FOR AN ORDER)
FROM THE SUPERVISOR OF WELLS ESTABLISHING A)
UNIFORM WELL SPACING PLAN FOR THE) CAUSE NO. 13-2013
UTICA/COLLINGWOOD FORMATION IN PARTS OF KALKASKA)
COUNTY, MICHIGAN.)

NOTICE OF HEARING

Take notice that a hearing will be held before the Supervisor of Wells (Supervisor) in the city of Lansing, Michigan, on the TWENTY-FIRST DAY OF NOVEMBER (NOVEMBER 21, 2013), BEGINNING AT 10:00 A.M., AT THE DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ), STEPHEN NISBET HEARING ROOM, ATRIUM LEVEL, SOUTH TOWER, CONSTITUTION HALL, 525 WEST ALLEGAN STREET, LANSING, MICHIGAN. The hearing will be conducted pursuant to Part 615, Supervisor of Wells, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA), MCL 324.61501 *et seq.*; the administrative rules, 1996 AACRS, 2001 MR 2, 2002 MR 23, R 324.101 *et seq.*; and the Administrative Procedures Act, 1969 PA 306, as amended, MCL 24.201 *et seq.*; MSA 3.560(101) *et seq.*

The hearing is for the purpose of receiving testimony and evidence pertaining to the need or desirability of issuing an order in the matter of the petition of Kosco Energy Group (Petitioner).

The Petitioner seeks a uniform well spacing plan, pursuant to R 324.302, for wells drilled into the geologic formation from the top of the Utica Shale Formation to the base of the Collingwood Shale Formation. The Petitioner has proposed spacing by 640-acre drilling units, as an exception to the current spacing under Special Order 1-73, which provides for 80-acre drilling units. The proposed surface geographic area in Kalkaska County requested to be spaced is:

Excelsior Township, T27, R6W, all of Sections 1, 2, 3, 10, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 35, 36

Oliver Township, T26N, R6W, all of Sections 1, 2, 11, 12, 13, 14, 23, 24

Bear Lake North Township, T27N, R5W, all of Sections 6, 7, 18, 19, 30, 31

Bear Lake South Township, T26N, R5W, all of Sections 6, 7, 18, 19

The Petitioner requests the latitude to combine 640-acre drilling units to establish larger drilling units while maintaining a 330-foot setback distance inside unit boundaries and a 660-foot distance between wells on the same drilling unit. The Petitioner proposes there be no proration limits and no limit to the number of wells on the same drilling unit, provided, no wellbore shall be open and in communication with the proposed spaced formation which is closer than 330 feet from the unit boundaries, and closer than 660 feet from any other well on the drilling unit.

The Petitioner also requests the Supervisor of Wells (Supervisor) suspend the issuance of future drilling permits and administrative approvals under R 324.303 until a spacing order is issued for the Utica/Collingwood Shale Formations; however, the Supervisor declines to suspend issuance of permits and administrative approvals provided they meet the requirements of the Part 615 administrative rules.

You can obtain a copy of the written petition by requesting it in writing from Mr. Michael W. Flynn, 121 East Front Street, Ste. 400, P.O. Box 2104, Traverse City, Michigan 49685-2104; telephone number 918-281-6398.

Take note that if you wish to participate as a party in the hearing by presenting evidence or cross-examining witnesses, you shall prepare and mail or otherwise deliver to the Petitioner and Supervisor, not less than five days before the hearing date, an answer to the petition in the manner set forth in R 324.1204(6). Proof of mailing or delivering the answer shall be filed with the Supervisor on or before the date of the hearing. The answer shall state with specificity the interested person's position with regard to the petition. Failure to prepare and serve an answer in a timely manner shall preclude you from presenting evidence or cross-examining witnesses at the hearing. If an answer to the petition is not filed, the Supervisor may elect to consider the petition and enter an order without oral hearing. Mail the answer to the petition to Mr. Flynn at the above address, and to the Supervisor in care of the Assistant Supervisor of Wells, Mr. Harold R. Fitch, Office of Oil, Gas, and Minerals, DEQ, P.O. Box 30256, Lansing, Michigan 48909-7756.

Questions regarding the Notice of Hearing should be directed to Ms. Susan Maul, Office of Drinking Water and Municipal Assistance, Department of Environmental Quality, P.O. Box 30241, Lansing, Michigan 48909-7741, telephone number 517-284-6536. Persons with disabilities needing accommodations for effective participation in this hearing should call or write Ms. Maul at least a week in advance of the hearing date to request mobility, visual, hearing, or other assistance.

Dated: Sept. 12, 2013



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