

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY

ORDER OF THE SUPERVISOR OF WELLS

IN THE MATTER OF:

THE PETITION OF TRENDWELL ENERGY)
CORPORATION FOR AN ORDER FROM THE)
SUPERVISOR OF WELLS ESTABLISHING A) ORDER NO. 08-2010
UNIFORM SPACING PLAN CONSISTENT WITH)
ORDER NO. (A) 14-9-94 AND COMPULSORY)
POOLING ALL INTERESTS INTO THE UNIT)
LOCATED IN MILTON 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 November 4, 2014, Evergreen Preservation Production Group, LLC (Evergreen), filed a Motion to Extend Well Development Schedule requesting relief from Order No. 08-2010, effective August 9, 2010 and Amended Order No. 08-2010. Order No. 08-2010 (i) formed an approximately 960-acre Uniform Spacing Plan (USP) as described therein; (ii) appointed Trendwell Energy Corporation, as the operator of the Maplehurst 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 Maplehurst USP. Amended Order No. 08-2010 extended the deadline to complete drilling of wells to within four years from the effective date of the original Order.

Evergreen, in its Motion states three wells in the Maplehurst USP have been drilled (Buggy, LLC A2-1 well, Permit Number 58783; Cohn C2-9, Permit Number 58797; and Cohn B2-6, Permit Number 58799). Effective October 21, 2014, Evergreen is the successor-in-interest of Trendwell Energy Corporation with regard to operatorship in the Maplehurst USP, and all wells and drilling permits contained therein, and as such, qualifies to be Operator of the USP. Working interest owners have invested a significant amount of time, money, and resources into developing the Maplehurst USP; however, the USP was not developed substantially in accordance with its project plan prior to August 9, 2014. 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 Maplehurst Development Plan. Drilling additional wells under such conditions could constitute economic waste.

Evergreen requests an additional three-year extension of the drilling schedule, to allow it to analyze and review the current status of the USP, to complete and produce the existing wells, as well as to further study potential appropriate development of the Maplehurst USP. Evergreen owns or controls, and has the right to develop and operate under, currently effective oil and gas leases in the USP and believes no prejudice to any party will occur as a result of extending the development schedule set forth in Amended Order No. 08 -2010. At the request of the Assistant Supervisor of Wells, Evergreen 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. Jordan Development Company initially objected to the Motion but later withdrew its objection. No other objections 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. 08-2010, effective August 9, 2010, is hereby amended to provide as follows:

3. Evergreen Preservation Production Group, LLC is named Operator of the USP. Within seven 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 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. 08-2010, effective August 9, 2010, are reaffirmed.

DATED: April 7, 2015



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