

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY

**ORDER OF THE SUPERVISOR OF WELLS**

IN THE MATTER OF

THE PETITION OF JORDAN DEVELOPMENT COMPANY, )  
L.L.C., FOR AN ORDER FROM THE SUPERVISOR OF )  
WELLS TERMINATING ORDER NO. (A) 22-11-79 AND )  
ESTABLISHING SPECIAL ORDER NO. 1-73 AS THE ) CAUSE NO. 11-2014  
APPLICABLE SPACING ORDER FOR GUELPH )  
DOLOMITE/RUFF FORMATION WELLS LOCATED IN )  
PARTS OF KALKASKA, ANTRIM, CRAWFORD, AND )  
OTSEGO COUNTIES, MICHIGAN. )

**OPINION AND ORDER**

This case involves the Petition of Jordan Development Company, L.L.C. (Petitioner). The Petitioner proposes to drill and complete a well for oil and gas exploration (the State Blue Lake 7-1 well) within a drilling unit in the stratigraphic interval known as the Guelph Dolomite/Ruff Formation (formerly known as the Niagaran and Salina Formations). The Petitioner is requesting termination of Order No. (A) 22-11-79, which formed the 280-acre Amoco-Blue Lake, 1-28N-5W, Salina-Niagaran Formation Pool Secondary Recovery Waterflood, consisting of the SE 1/4 of SE 1/4 of Section 36, Antrim County; SW 1/4 of SW 1/4 of Section 31, Otsego County; NE 1/4 of Section 1, Kalkaska County; and NW 1/4 of NW 1/4 of Section 6, Crawford County. Petitioner requests 80-acre spacing consistent with Special Order No. 1-73 for wells drilled in lands subject to Order No. (A) 22-11-79. The drilling unit for the proposed State Blue Lake 7-1 well consists of the NE 1/4 of Section 1, T28N, R5W, Blue Lake Township, Kalkaska County, Michigan.

**Jurisdiction**

The development of oil and gas in this state is regulated under Part 615, Supervisor of Wells, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended. MCL 324.61501 *et seq.* The purpose of Part 615 is to ensure the orderly development and production of the oil and gas resources of this state. MCL 324.61502.

To that end, the Supervisor may establish drilling units. MCL 324.61513(2). The evidentiary hearing is governed by the applicable provisions of the Administrative Procedures Act, 1969 PA 306, as amended, MCL 24.201 *et seq.* See 1996 MR 9, R 324.1203. The evidentiary hearing in this matter was held on June 26, 2014.

### **FINDINGS OF FACT**

The Petitioner specifically requests that the Supervisor issue an Order that:

1. Terminates Order No. (A) 22-11-79 and the Amoco-Blue Lake, 1-28N5W, Guelph Dolomite/Ruff Formation Pool Secondary Recovery Waterflood Unit.
2. Establishes Special Order 1-73 as the applicable spacing order for wells drilled, into or below the Salina-Niagaran Formation, in those lands, which were subject to Order (A) 22-11-79.

The Administrative Law Judge determined that the Notice of Hearing was properly served and published. No answers to the Petition were filed and only the Petitioner appeared at the hearing. Therefore, the Petitioner is the only Party to this case. The Supervisor designated the hearing to be an uncontested evidentiary hearing pursuant to R 324.1205(1)(c) and directed evidence be presented in the form of verified statements.

In support of its case, the Petitioner offered the verified statement of Mr. Benjamin S. Brower, Vice President, Jordan Development, LLC.

The NE 1/4 of Section 1, T28N, R5W, Blue Lake Township, Kalkaska County, Michigan, was included in a secondary recovery waterflood unit established by Amoco Production Company in 1979, pursuant to Order (A) 22-11-79. Under the Petitioner's request, Order No. (A) 22-11-79 would be terminated and spacing will be subject to Special Order 1-73. This Special Order establishes drilling units of 80 acres, more or less, formed by combining two governmental surveyed quarter-quarter sections of land with one common boundary of approximately 1,320 feet, with allowances being made for the difference in the size and shape of sections as indicated by official governmental survey plats. Under Special Order No. 1-73, it is presumed that one well will efficiently and economically drain the entire unit of hydrocarbons.

It is Mr. Brower's opinion that no waterflood operations were conducted on lands subject to Order No. (A) 22-11-79 and that the order should be terminated. His verified statement indicates that each of the Amoco Niagaran wells have been plugged and abandoned with the exception of the St. Blue Lake "B" 3-1 well, Permit No. 29129, which is now operated by the Petitioner as a salt water disposal well (Exhibit A to Mr. Brower's verified statement). Exhibit B to Mr. Brower's verified statement is a Release of Lease executed by Amoco, covering its interest in the NE 1/4 of Section 1.

Mr. Brower indicates there is one producing Niagaran Formation well in the unit, the St. Frederic 1-6A (Permit No. 40470), located in the NW 1/4 of NW 1/4 of Section 1, which was drilled by Terra Energy in 1987. This well is now owned and operated by the Petitioner. The production unit for this well is the N 1/2 of NW 1/4, of Section 1, T28N, R4W; and S 1/2 of SW 1/4 of Section 31, T29N, R4W.

The State of Michigan is the sole mineral owner in the lands subject to Order No. (A) 22-11-79, and did not object to Petitioner's request to terminate the Order.

I find that termination of Order No. 22-11-79, and formation of the proposed drilling unit, consistent with Special Order No. 1-73, will prevent waste and protect correlative rights, and as such, is approved for the proposed well.

#### **CONCLUSIONS OF LAW**

Based on the findings of fact, I conclude, as a matter of law:

1. Termination of Order No. (A) 22-11-79 and replacing it with spacing established by Special Order No. 1-73 is appropriate for the proposed drilling unit. The Supervisor shall do whatever is necessary to prevent waste. MCL 324.61506(a).
2. The Supervisor has jurisdiction over the subject matter and the persons interested therein.

3. Due notice of the time, place, and purpose of the hearing was given as required by law and all interested persons were afforded an opportunity to be heard. 1996 MR 9, R 324.1204.

**DETERMINATION AND ORDER**

Based on the Findings of Fact and Conclusions of Law, the Supervisor determines that termination of Order No. (A) 22-11-79 to allow Guelph Dolomite/Ruff Formation spacing consistent with Special Order 1-73 will protect correlative rights and prevent waste.

**NOW, THEREFORE, IT IS ORDERED:**

1. Order No. (A) 22-11-79 is terminated.
2. Special Order No. 1-73 shall be in effect for the lands previously included under Order No. (A) 22-11-79.
3. The Supervisor retains jurisdiction in this matter.
4. This Order is effective immediately.

DATED: August 26, 2014

  
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