



STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



JENNIFER M. GRANHOLM
GOVERNOR

STEVEN E. CHESTER
DIRECTOR

April 1, 2009

TO WHOM IT MAY CONCERN:

SUBJECT: AMENDED OPINION AND ORDER NO. 22-2008

Please be advised that a typographical error was made in the paragraph number on page 2, of the above referenced Amended Opinion and Order signed on March 27, 2009. The paragraph # was incorrectly identified as **3**. The correct paragraph # is **5**. All other parts of the Amended Opinion and Order are correct.

Should you have any questions, please advise.

Sincerely,

Susan S. Maul
Administrative Hearings Specialist
Office of Geological Survey
517-241-1552

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY

ORDER OF THE SUPERVISOR OF WELLS

IN THE MATTER OF:

THE PETITION OF MERIT ENERGY COMPANY FOR AN)
ORDER FROM THE SUPERVISOR OF WELLS)
TERMINATING SUPERVISOR'S ORDER NO. 3-3-74,)
ESTABLISHING A 160-ACRE GUELPH DOLOMITE/RUFF) ORDER NO. 22-2008
FORMATION DRILLING UNIT AS AN EXCEPTION TO)
SPECIAL ORDER NO. 1-73 AND COMPULSORY)
POOLING ALL INTERESTS INTO THE UNIT.)

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 March 25, 2009, Petitioner, Merit Energy Company filed a Motion for Amendment for Order No. 22-2008, effective January 8, 2009. Order No. 22-2008 (i) abrogated Supervisor's Order No. 3-3-74; (ii) formed a 160-acre Guelph Dolomite/Ruff Formation drilling unit as described therein; (iii) appointed Merit Energy Company as the operator of the Green State Union 1-5C well and directed the well be drilled within 90 days from the effective date of that Order; and (iv) ordered the compulsory pooling of all properties, parts of properties and interests within the drilling unit for purposes of drilling the Green State Union 1-5C well only.

Petitioner, in its Motion for Amendment, states that due to poor site conditions and frost laws, Petitioner will not be able to commence drilling operations on the lands subject to the Order prior to April 8, 2009. Petitioner requests that the 90-day deadline for the drilling of the well (which will expire on or about April 8, 2009) be extended an additional 180 days to provide Petitioner the opportunity to secure and produce its just and equitable share of the oil, gas, and gas energy producible from the drilling unit. Petitioner asserts the requested time extension will provide it with better flexibility in controlling the timing of expenditure of drilling capital, which is necessary due to the present business climate and market prices of oil and gas. Petitioner also asserts in its Motion for Amendment, that an Amended Order and Opinion will prevent waste. Petitioner is the only party to this Cause and entry of the proposed Amended Opinion and Order requested by Petitioner will not prejudice any party, including those whose interests were compulsorily pooled by that Order.

DETERMINATION AND ORDER

I have reviewed the Motion for Amendment submitted by Petitioner and have determined that Order No. 22-2008 should be amended.

NOW, THEREFORE, IT IS ORDERED THAT:

Paragraph 5 of the Determination and Order section of the original Opinion and Order effective January 8, 2009, in Cause No. 22-2008 is hereby amended in its entirety to provide as follows:

5. The Petitioner is named Operator of the Green State Union 1-5C well. The Operator shall commence the drilling of the Green State Union 1-5C well within 270 days of the effective date of this Order, after which the compulsory pooling authorized in this Order shall be null and void as to all parties and interests. This pooling Order applies to the drilling of the Green State Union 1-5C well only.

All other provisions of the original Opinion and Order No. 22-2008, effective January 8, 2009, are reaffirmed.

DATED: Mar. 27, 2009



HAROLD R. FITCH
ASSISTANT SUPERVISOR OF WELLS
Office of Geological Survey
P.O. Box 30256
Lansing, MI 48909-7756

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY

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DETERMINATION AND ORDER

I have reviewed the Motion for Amendment submitted by Petitioner and have determined that Order No. 22-2008 should be amended.

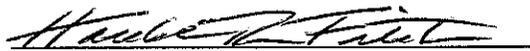
NOW, THEREFORE, IT IS ORDERED THAT:

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DATED: Mar. 27, 2009



HAROLD R. FITCH
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DEPARTMENT OF ENVIRONMENTAL QUALITY

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OPINION AND ORDER

This case involves the Petition of Merit Energy Company (Petitioner). The Petitioner proposes to drill and complete a well for oil and gas exploration (the Green State Union 1-5C well) within a drilling unit in the stratigraphic interval known as the Guelph Dolomite/Ruff Formation (formerly known as the Niagaran and Salina Formations). Petitioner is requesting a 160-acre drilling unit for the Green State Union 1-5C well as an exception to the drilling unit size of 80 acres established by Special Order No. 1-73 and termination of Supervisor's Order No. 3-3-74. The Proposed Unit consists of the SW 1/4 of NW 1/4 and NW 1/4 of SW 1/4 of Section 4, and SE 1/4 of NE 1/4 and NE 1/4 of SE 1/4 of Section 5, T26N, R9W, Union Township, Grand Traverse County, Michigan. Since not all of the mineral owners within the proposed drilling unit have agreed to voluntarily pool their interests, the Petitioner also seeks an Order of the Supervisor of Wells (Supervisor) designating Petitioner as operator of the 160-acre drilling unit and requiring compulsory pooling of all tracts and interests within that geographic area for which the owners have not agreed to voluntary pooling.

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 and compulsorily pool mineral interests within said units. MCL 324.61513(2) and (4). However, the formation of drilling units by compulsory pooling of interests can only be effectuated after an evidentiary

hearing. 1996 MR 9, R 324.302 and R 324.304. 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 November 5, 2008.

FINDINGS OF FACT

Petitioner specifically requests that the Supervisor issue an Order that:

1. Creates a 160-acre drilling unit for the proposed Green State Union 1-5C well consisting of the SW 1/4 of NW 1/4 and NW 1/4 of SW 1/4 of Section 4, and SE 1/4 of NE 1/4 and NE 1/4 of SE 1/4 of Section 5, T26N, R9W, Union Township, Grand Traverse County, Michigan.
2. Requires compulsory pooling of all tracts and mineral interests within the proposed drilling unit that have not agreed to voluntary pooling.
3. Names Petitioner as operator of the Green State Union 1-5C well.
4. Authorizes Petitioner to recover certain costs and other additional compensation from the parties subject to the compulsory pooling order.

The Administrative Law Judge determined that the Notice of Hearing was properly served and published. No answers to the Petition were filed. 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 evidentiary hearing pursuant to R 324.1205(1)(b) and directed evidence be presented in the form of oral testimony.

In support of its case, the Petitioner offered the testimony of Mr. John C. Clark, managing member, Corruna Resources; Mr. Chris G. Dennen, geologist, Merit Energy Company; Mr. Kirk Love, operations engineer, Merit Energy Company; and Lee Abel, landman, Merit Energy Company. Mr. Clark was recognized as an expert in the field of geophysics, Mr. Dennen as an expert in petroleum geology, and Mr. Love as an expert in petroleum engineering.

I. Drilling Unit

The spacing of wells in Grand Traverse County targeting the Guelph Dolomite/Ruff Formation is governed by Special Order No. 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. Order No. 3-3-74 formed a 160-acre drilling unit for the Green State Union 1-5 discovery well, consisting of the S 1/2 of NE 1/4 and N 1/2 of SE 1/4 of Section 5, T14N, R9W, Union Township, Grand Traverse County, Michigan. Under Petitioner's request, that Order would be terminated and a new 160-acre drilling unit formed, 40 acres to the east, described as the SW 1/4 of NW 1/4 and NW 1/4 of SW 1/4 of Section 4, and SE 1/4 of NE 1/4 and NE 1/4 of SE 1/4 of Section 5, T26N, R9W, Union Township, Grand Traverse County, Michigan.

Mr. Clark testified that based on his review of seismic data, it is his opinion that the proposed drilling unit is reasonably underlain by the interpreted structure (Exhibit 1). Mr. Dennen testified Order No. 3-3-74 does not adequately cover the limits of the Guelph Dolomite/Ruff Formation reservoir and to drill in the old unit would result in unfair allocation of production to mineral owners. Mr. Dennen presented an isopach map of the Brown Niagaran for the Union 5 Field (Exhibit 3) which, in his opinion, shows the reef outline is primarily contained within the proposed unit.

I find that termination of Order No. 3-3-74 and formation of the proposed drilling unit, as an exception to Special Order No. 1-73, will prevent waste and protect correlative rights, and as such, are approved for the proposed well.

II. Drilling Unit Operator

Mr. Abel stated the Petitioner owns or controls all oil and gas leases in the proposed drilling unit except for approximately 2.5 net acres. Given this, the Petitioner seeks to be designated as the operator of the Green State Union 1-5C well. I find, as a Matter of Fact, the Petitioner is eligible to be designated operator of the Green State Union 1-5C well.

III. Compulsory Pooling

Petitioner was unable to obtain the agreement of all mineral owners to gain full control of the Proposed Unit. The Petitioner may not produce a well on the drilling unit without first obtaining control of all the oil and gas interests. In cases like this, it is necessary for the Petitioner to request compulsory pooling from the Supervisor. As discussed, a mineral owner who does not agree to voluntarily pool his or her interest in a

drilling unit may be subject to compulsory pooling. 1996 MR 9, R 324.304. The compulsory pooling of an interest must be effectuated in a manner that ensures “each owner...is afforded the opportunity to receive his or her just and equitable share of the production of the unit.” *Id.* In addition to protecting correlative rights, the compulsory pooling must prevent waste. MCL 324.61502. An operator must first seek voluntary pooling of mineral interests within a proposed drilling unit prior to obtaining compulsory pooling through an Order of the Supervisor.

Mr. Abel testified the Petitioner has leased all but approximately 2.5 net acres within 40 acres of the proposed drilling unit (the NE 1/4 of SE 1/4 of Section 5). The unleased acreage in the proposed drilling unit is owned by Martin Marks Minerals, LLC. He stated lease offers equaling or exceeding the best terms paid to any owner in the unit were offered to Martin Marks Minerals, LLC. Mr. Abel spoke to a representative of Martin Marks Minerals, LLC approximately six times but was unable to reach agreement on the terms of a lease.

Based on the foregoing, I find, as a Matter of Fact:

1. The Petitioner was able to voluntarily pool all of the mineral interests in the proposed 160-acre Guelph Dolomite/Ruff Formation drilling unit except for the acreage described above.
2. Compulsory pooling is necessary to form a full drilling unit, to protect correlative rights of unpooled lease owners, and to prevent waste by preventing the drilling of unnecessary wells.

Now that it has been determined compulsory pooling is necessary and proper in this case, the terms of such pooling must be addressed. When pooling is ordered, the owner of the compulsorily pooled lands (Pooled Owner) is provided an election on how he or she wishes to share in the costs of the project. 1996 MR 9, R 324.1206(4). A Pooled Owner may participate in the project, or in the alternative be “carried” by the operator. If the Pooled Owner elects to participate, he or she assumes the economic risks of the project, specifically, by paying his or her proportionate share of the costs or giving bond for the payment. Whether the well drilled is ultimately a producer or dry hole is immaterial to this obligation. Conversely, if a Pooled Owner elects not to participate, the Pooled Owner is, from an economic perspective, “carried” by the operator. Under this option, if the well is a dry hole the Pooled Owner has no financial obligation because they did not assume any

risk. If the well is a producer, the Supervisor considers the risks associated with the proposal and awards the operator compensation, out of production, for assuming all of the economic risks.

In order for a Pooled Owner to decide whether he or she will "participate" in the well or be "carried" by the operator, it is necessary to provide reliable cost estimates. In this regard, Petitioner must present proofs on the estimated costs involved in drilling, completing, and equipping the proposed well. Petitioner's Authorization for Expenditure (AFE) form for the well (Exhibit 4) itemizes the estimated costs to be incurred in the drilling, completing, equipping, and plugging of the well. The estimated costs are \$310,000.00 for drilling; \$176,000.00 for completion; and \$222,000.00 for equipping. The total estimated producing well cost for the Green State Union 1-5C well is \$708,000.00. There is no evidence on this record refuting these estimated costs.

I find, as a Matter of Fact, the estimated costs in Exhibit 4 are reasonable for the purpose of providing the pooled owners a basis on which to elect to participate or be carried. However, I find actual costs shall be used in determining the final share of costs and additional compensation assessed against a Pooled Owner.

The next issue is the allocation of these costs. Part 615 requires the allocation be just and equitable. MCL 324.61513(4). Mr. Dennen testified that in his opinion, allocation of drilling and production costs on a surface acreage basis is fair and equitable. Established practices and industry standards suggest this to be a fair and equitable method of allocation of production and costs. Therefore, I find, as a Matter of Fact, utilizing acreage is a fair and equitable method to allocate to the various tracts in the proposed drilling unit each tract's just and equitable share of unit production and costs. However, I find that an owner's share in production and costs should be in proportion to their net mineral acreage.

The final issue is the additional compensation for risk to be assessed against a Pooled Owner who elects to be carried. The administrative rules under Part 615 provide for the Supervisor to assess appropriate compensation for the risks associated with drilling a dry hole, and the mechanical and engineering risks associated with the completion and equipping of wells. 1996 MR9, R 324.1206(4)(b). Petitioner requests additional compensation of 300 percent for the costs of drilling, 200 percent of the cost of completing,

and 100 percent of the cost of equipping the Green State Union 1-5C well.

Mr. Love testified that since the proposed well is a directional well, there is the possibility of having surface failures, mechanical failures, and subsurface mechanical failures. Also, Mr. Dennen testified the proposed well is in an area prone to salt plugging.

I find, as a Matter of Fact, the risk of the proposed Green State Union 1-5C well being a dry hole supports additional compensation from the Pooled Owners of 300 percent of the actual drilling costs incurred. Historically, the Supervisor has awarded additional compensation for completion costs of 125 percent, and for equipping costs of 25 percent, for wells drilled to the Guelph Dolomite/Ruff Formation. Based on comparison to substantially similar previous cases, I find the mechanical and engineering risks associated with the well support additional compensation of 125 percent of the actual completing, and 25 percent of the actual equipping costs incurred. Operating costs are not subject to additional compensation for risk.

CONCLUSIONS OF LAW

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

1. Petitioner was unable to voluntarily pool all mineral interests within the proposed drilling unit. The Supervisor may compulsorily pool properties when pooling cannot be agreed upon. Compulsory pooling is necessary to prevent waste and protect the correlative rights of the Pooled Owners in the proposed drilling unit. MCL 324.61513(4).
2. This order is necessary to provide for conditions under which each mineral owner who has not voluntarily agreed to pool all of their interest in the pooled unit may share in the working interest share of production. 1996 MR 9, R 324.1206(4).
3. The Petitioner is an owner within the drilling unit and, therefore, is eligible to drill and operate the Green State Union 1-5C well. 1996 MR 9, R 324.1206(4).
4. The Petitioner is authorized to take from each nonparticipating interest's share of production the cost of drilling, completing, equipping, and operating the well, plus an additional percentage of the costs as identified in the Determination and Order section of this Order for the risks associated with drilling a dry hole, and the

mechanical and engineering risks associated with the completion and equipping of the well. 1996 MR 9, R 324.1206(4)

5. Termination of Order No. 3-3-74 and an exception to the spacing established by Special Order No. 1-73 are appropriate for the proposed drilling unit. The Supervisor shall do whatever is necessary to prevent waste. MCL 324.61506(a). Exceptions to Special Order No. 1-73 may be granted by the Supervisor after a hearing.
6. The Supervisor has jurisdiction over the subject matter and the persons interested therein.
7. 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 compulsory pooling to form a 160-acre Guelph Dolomite/Ruff Formation drilling unit is necessary to protect correlative rights and prevent waste by the drilling of unnecessary wells.

NOW, THEREFORE, IT IS ORDERED:

1. Order No. 3-3-74 is abrogated
2. A 160-acre Guelph Dolomite/Ruff Formation drilling unit is established, as an exception to Special Order No. 1-73, for the Green State Union 1-5C well comprising the following area: SW 1/4 of NW 1/4 and NW 1/4 of SW 1/4 of Section 4, and SE 1/4 of NE 1/4 and NE 1/4 of SE 1/4 of Section 5, T26N, R9W, Union Township, Grand Traverse County, Michigan. All properties, parts of properties, and interests in this area are pooled into the drilling unit. This pooling is for the purpose of forming a drilling unit only and neither establishes a right, nor diminishes any independent

right, of the Petitioner to operate on the surface or subsurface lands of a Pooled Owner.

3. All other applicable provisions of Special Order No. 1-73 shall remain in effect.
4. Each Pooled Owner shall share in production and costs in the proportion that their net mineral acreage in the drilling unit bears to the total acreage in the drilling unit.
5. The Petitioner is named Operator of the Green State Union 1-5C well. The Operator shall commence the drilling of the Green State Union 1-5C well within 90 days of the effective date of this Order, or the compulsory pooling authorized in this Order shall be null and void as to all parties and interests. This pooling Order applies to the drilling of the Green State Union 1-5C well only.
6. A Pooled Owner shall be treated as a working interest owner to the extent of 100 percent of the interest owned in the drilling unit. The Pooled Owner is considered to hold a 1/8 royalty interest, which shall be free of any charge for costs of drilling, completing, or equipping the well, or for compensation for the risks of the well or operating the proposed well including post-production costs.
7. A Pooled Owner shall have 10 days from the effective date of this Order to select one of the following alternatives and advise the Supervisor and the Petitioner, in writing, accordingly:
 - a. To participate, then within 10 days of making the election (or within a later date as approved by the Supervisor), pay to the Operator the Pooled Owner's share of the estimated costs for drilling, completing, and equipping the well, or give bond to the Operator for the payment of the Pooled Owner's share of such cost promptly upon completion; and authorize the Operator to take from the Pooled Owner's remaining 7/8 share of production, the Pooled Owner's share of the actual costs of operating the well; or
 - b. To be carried, then if the well is put on production, authorize the Operator to take from the Pooled Owner's remaining 7/8 share of production:

- (i) The Pooled Owner's share of the actual cost of drilling, completing, and equipping the well.
 - (ii) An additional 300 percent of the actual drilling costs, 125 percent of the actual completion costs, and 25 percent of the actual equipping costs attributable to the Pooled Owner's share of production, as compensation to the Operator for the risk of a dry hole.
 - (iii) The Pooled Owner's share of the actual cost of operating the well.
8. In the event the Pooled Owner does not notify the Supervisor in writing of the decision within 10 days from the effective date of this Order, the Pooled Owner will be deemed to have elected the alternative described in ¶ 7(b). If a Pooled Owner who elects the alternative in ¶ 7(a) does not, within 10 days of making their election (or within any alternate date approved by the Supervisor), pay their proportionate share of costs or give bond for the payment of such share of such costs, the Pooled Owner shall be deemed to have elected the alternative described in ¶ 7(b), and the Operator may proceed to withhold and allocate proceeds for costs from the Pooled Owners' 7/8 share of production as described in ¶ 7(b)(i)(ii)&(iii).
9. For purposes of the Pooled Owners electing alternatives, the amounts of \$310,000.00 for estimated drilling costs (dry hole costs); \$176,000.00 for estimated completion costs; and \$222,000.00 for estimated equipping costs are fixed as well costs. Actual costs shall be used in determining the Pooled Owner's final share of well costs and in determining additional compensation for the risk of a dry hole. If a Pooled Owner has elected the alternative in ¶ 7(a) and the actual cost exceeds the estimated cost, the Operator may recover the additional cost from the Pooled Owner's 7/8 share of production. Within 60 days after commencing drilling of the well, and every 30 days thereafter until all costs of drilling, completing, and equipping the well are accounted for, the Operator shall provide to the Pooled Owner a detailed statement of actual costs incurred as of the date of the statement and all costs and production proceeds allocated to that Pooled Owner.

10. The Operator shall certify to the Supervisor that the following information was supplied to each pooled owner no later than the effective date of the Order:

- a. The Order
- b. The AFE
- c. Each Pooled Owner's percent of charges from the AFE if the Pooled Owner were to choose option "a" in ¶ 7 above. Each Pooled Owner's percentage of charges shall be based on the pooled owner's actual net mineral acreage in the drilling unit, and the actual acreage in the drilling unit as a whole, as determined by survey or title opinion.

11. The Supervisor retains jurisdiction in this matter.

12. The effective date of this Order is Jan. 8, 2009.

DATED: Dec. 29, 2008



HAROLD R. FITCH
ASSISTANT SUPERVISOR OF WELLS
Office of Geological Survey
P.O. Box 30256
Lansing, MI 48909

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
SUPERVISOR OF WELLS

IN THE MATTER OF

THE PETITION OF MERIT ENERGY COMPANY FOR AN)
ORDER FROM THE SUPERVISOR OF WELLS)
TERMINATING SUPERVISOR'S ORDER NO. 3-3-74,)
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FORMATION DRILLING UNIT AS AN EXCEPTION TO)
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NOTICE OF HEARING

Take notice that a contested case hearing will be held before the Supervisor of Wells (Supervisor) in the city of Lansing, Michigan, on the FIFTH DAY OF NOVEMBER (NOVEMBER 5) 2008, BEGINNING AT 9:00 A.M., IN THE DEPARTMENT OF ENVIRONMENTAL QUALITY 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 receiving testimony and evidence pertaining to the need or desirability of issuing an order in the matter of the petition of Merit Energy Company (Petitioner), 1510 Thomas Road, P.O. Box 910, Kalkaska, Michigan 49646

Petitioner seeks an order of the Supervisor terminating Supervisor's Order No. 3-3-74 and establishing a 160-acre Guelph Dolomite/Ruff Formation drilling unit for the proposed Green State Union 1-5C well, as an exception to Special Order No. 1-73, and pursuant to R 324.304 to compulsory pool all interests into the proposed drilling unit. The proposed drilling unit consists of the SW 1/4 of NW 1/4 and NW 1/4 of SW 1/4 of Section 4, and SE 1/4 of NE 1/4 and NE 1/4 of SE 1/4 of Section 5, T26N, R9W, Union Township, Grand Traverse County, Michigan

You can obtain a copy of the written petition by requesting one in writing from Mr. Lee Abel, 1510 Thomas Road, P.O. Box 910, Kalkaska, Michigan 49646, telephone number 231-258-6400.

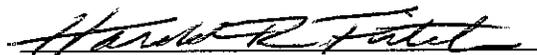
Take note that if you wish to participate as a party in the hearing by presenting evidence or cross-examining witnesses, you shall prepare and mail or otherwise deliver to the petitioner and Supervisor, not less than 5 days before the hearing date, an answer to the petition in the manner set forth in 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. Lee Abel at the above address, and to the Supervisor in care of the Assistant Supervisor of Wells, Mr. Harold R. Fitch, Office of Geological Survey (OGS), P.O. Box 30256, Lansing, Michigan 48909-7756.

Take further note that you may request a change in the location of the hearing to the county in which the proposed drilling unit is located. If the majority of the owners of the oil and gas rights which are listed in the Petition as not voluntarily pooling their interests into the proposed drilling unit, include in their timely filed answers a request to hold the hearing in the county where the proposed drilling unit is located, the Assistant Supervisor of Wells shall: (i) at the time and place scheduled in this notice adjourn the scheduled hearing; (ii) reschedule the hearing for a location in such county, and (iii) provide, by first-class mail, notice of the rescheduled hearing date, time, and place prior to the rescheduled hearing date to all persons who filed an answer in response to this notice.

Questions regarding the Notice of Hearing should be directed to Ms. Susan Maul, OGS, Michigan Department of Environmental Quality, P.O. Box 30256, Lansing, Michigan 48909-7756, phone 517-241-1552. 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. 30, 2008*



HAROLD R. FITCH
ASSISTANT SUPERVISOR OF WELLS
Office of Geological Survey
P.O. Box 30256
Lansing, MI 48909-7756