

**STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY
ORDER OF THE SUPERVISOR OF WELLS**

IN THE MATTER OF

THE PETITION OF SAVOY ENERGY LP, FOR AN)
ORDER FROM THE SUPERVISOR OF WELLS)
AUTHORIZING A CHANGED UNIT ALLOWABLE AS)
AN EXCEPTION TO ORDER NO. 18-2007, FOR THE) ORDER NO. 11-2022
COLBROOK 5-24 HD2 WELL IN SECTIONS 24 AND)
25, COLUMBIA TOWNSHIP, JACKSON COUNTY,)
MICHIGAN.)

ORDER OF DETERMINATION

This case involves the Petition of Savoy Energy, LP (Petitioner) requesting a change in the unit proration allowable for the Colbrook 5-24 HD2 well within the stratigraphic interval known as the Trenton/Black River Formation. The unit for the Colbrook 5-24 HD2 well consists of an 80-acre Trenton-Black River unit, formed pursuant to 2015 AACRS, R 324.303, being the NW ¼ of the NE ¼ of Section 25, and the SW ¼ of the SE ¼ of Section 24, T4S, R1E, Columbia Township, Jackson County, Michigan. Due to the larger unit size and the producing well already drilled thereon, the Petitioner seeks an Order of the Supervisor of Wells (Supervisor) authorizing the well on the 80-acre drilling unit to produce up to 300 barrels of oil per day (BOPD) and/or 400 thousand cubic feet of gas per day (MCFGPD) as a unit allowable.

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, Michigan Compiled Laws 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 fix total allowable production for any oil or gas field or pool in the State and establish the allowable production for each well in the field or pool in order to prevent premature abandonment of the wells in the field or pool. MCL 324.61512. However, a permittee of a well who believes the existing proration

allowable will not aid in the prevention of waste may petition the Supervisor for a change in a unit or field allowable and the Supervisor shall schedule a meeting to consider the Petition. 1996 AACS, R 324.611. The meeting in this matter was set for December 12, 2022.

FINDINGS OF FACT

The Petitioner seeks a change in the standard oil and gas well allowable set by Order 18-2007 for the 80-acre unit. This unit consists of one well: the Colbrook 5-24 HD2 (PN 61088), which was drilled as a deepening of the plugged back Colbrook 5-24 HD1 (same permit number). The Petitioner requests that the standard well allowable be changed to a unit allowable of 300 BPOD and/or 400 MCFGPD.

The Supervisor determined that the Notice of Meeting was properly served and published. No answers to the Petition were filed. The Supervisor determined an Order would be issued administratively following review and evaluation of the data presented. In support of its case, the Petitioner offered the verified statement of Joshua Kirschner, Exploration and Production Manager for Petitioner.

Mr. Kirschner testified the Colbrook 5-24 HD2 is an oil well producing from an open hole completion located in 500 plus feet thick gross pay section of the Trenton-Black River formation and is the only well in the Columbia 24/25 reservoir. He sponsored Exhibit A showing the 80-acre drilling unit and the Colbrook 5-24 HD2 wellbore.

Pursuant to Order No. 18-2007, one well may be drilled on a 40-acre drilling unit. Order No. 18-2007 sets the proration allowable for wells at 200 BOPD and/or 200 MCFGPD for 40-acre drilling units. Order No. 18-2007 provides that the Supervisor may grant an additional allowable for a second well on a 40-acre drilling unit upon the filing of a Petition.

The Petitioner provided with its petition cumulative production from the reservoir in Exhibit B, bottom hole pressure data in Exhibit C, Gas/Oil Ratio (GOR) values over time in Exhibit D-1, oil, gas, and water production charts in Exhibit D-2, and daily production history for the existing well in Exhibit D-3.

Mr. Kirschner testified the Colbrook 5-24 HD2 well on the 80-acre drilling unit should efficiently drain the targeted reservoir without damage to the reservoir; that the

ability to produce the well at a higher rate will shorten the time needed to recover the producible reserves; eliminate the drilling of unnecessary additional wells; reduce operating expenses; and mitigate both surface and economic waste. He further testified that the GOR values observed in the well have stabilized, supporting that the well can be produced at the proposed increased allowable without doing harm to the reservoir.

Based on the foregoing, I find, as a Matter of Fact, that the standard unit allowable under Order No. 18-2007 for the Colbrook 5-24 HD2 well in the unit may permit waste to occur. I find that a change of the oil and gas allowable for the Colbrook 5-24 HD2 well to 300 BOPD and/or 400 MCFGPD as a unit allowable is reasonable.

CONCLUSIONS OF LAW

Based on the Findings of Fact, I conclude, as a matter of law:

1. The Supervisor may limit the amount of oil or gas produced to prevent waste and prevent the premature abandonment of the wells. MCL 324.61512 and Order No. 18-2007.
2. This Order is necessary to make a change in the proration allowable established in Order No. 18-2007. 1996 AACS, R 324.611 and Order No. 18-2007.
3. The Supervisor has jurisdiction over the subject matter and the persons interested therein.
4. Due notice of the time, place, and purpose of the meeting was given as required by law and all interested persons were afforded an opportunity to be heard. 1996 AACS, R 324.611, and 2015 AACS, R 324.1204.

DETERMINATION AND ORDER

Based on the Findings of Fact and the Conclusions of Law, the Supervisor determines that changing the oil and gas allowable for the 80-acre drilling unit as an exception to Order No. 18-2007, is reasonable and appropriate, will not result in waste, and will protect correlative rights.

NOW, THEREFORE, IT IS ORDERED:

1. The Petitioner is authorized to produce the existing Colbrook 5-24 HD2 well on the 80-acre drilling unit at a rate of 300 BOPD as a unit allowable and as an exception to Order No. 18-2007. The gas allowable for the unit shall be 400 MCFGPD if gas is sold. If gas is to be flared, it is limited to 200 MCFGPD for the well on this 80-acre drilling unit.

2. All other provisions of Order No. 18-2007 shall remain in effect.

3. The Supervisor retains jurisdiction in this matter.

4. This order shall be effective immediately.



Dated: 1/24/2023

Adam W. Wygant
ASSISTANT SUPERVISOR OF WELLS
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