

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

IN THE MATTER OF

THE PETITION OF WOLVERINE GAS AND OIL )  
COMPANY OF MICHIGAN, LLC, FOR AN ORDER )  
FROM THE SUPERVISOR OF WELLS )  
AUTHORIZING A CHANGED UNIT ALLOWABLE ) ORDER NO. 13-2023  
AS AN EXCEPTION TO ORDER NO. 18-2007, FOR )  
THE COOK 32-1 HD1 WELL IN SECTION 32, )  
CHARLESTON TOWNSHIP, KALAMAZOO )  
COUNTY, MICHIGAN. )

**ORDER OF DETERMINATION**

This case involves the Petition of Wolverine Gas and Oil Company of Michigan, LLC (Petitioner) requesting an exception to the production allowables established in Order No. 18-2007, authorizing the Cook 32-1 HD1 well to produce up to 400 barrels of oil per day (BOPD), and/or 400 thousand cubic feet of gas per day (MCFGPD) from the Trenton/Black River Formation. The drilling unit for the Cook 32-1 HD1 well is comprised of the S/2 SW/4 of Section 32, T2S-R9W, Charleston Township, and the N/2 NW/4 and SW/4 NW/4 of Section 5, T3S, R9W, Climax Township, Kalamazoo 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 (NREPA). MCL324.61501 *et seq.* The purpose of Part 615 is to ensure the orderly development and production of the oil and gas resources of this state, with a view to the ultimate recovery of the maximum production of these natural resources. MCL 324.61502. To the end of maximizing recovery, the Supervisor of Wells (Supervisor) regulates the establishment of drilling units and regulates the daily quantities of oil and natural gas that may be produced. MCL 324.61513(1) and (2). The evidentiary hearing in this matter is governed by the applicable provisions of the Administrative Procedures Act, 1969 PA 306, as amended, MCL 24.201 *et seq.* See 1996 AACS, R 324.1203. The evidentiary hearing in this matter was set for January 16, 2024.

### **FINDINGS OF FACT**

By Petition dated November 9, 2023, the Petitioner requests approval from the Supervisor to increase production above the 200 BOPD and 200 MCFGPD allowables established by Order No. 18-2007 to 400 BOPD and 400 MCFGPD for the Cook 32-1 HD1, with a daily flaring limit of 200 MCFGPD. The Cook 32-1 HD1 well was drilled on a 200-acre drilling unit approved under R 324.303.

The Supervisor determined that the Notice of Hearing was properly served and published. No answers or objections to the Petition were filed with the Supervisor as to this Cause. The Supervisor determined an Order would be issued administratively following review and evaluation of the evidence and data presented by the Petitioner.

In support of its case, the Petitioner offered the verified statements of Richard Moritz, Vice President of Land for the Petitioner, and Jordan Ritsema, Production Engineer for the Petitioner.

Mr. Moritz testified the Cook 32-1 HD1 well was completed in April 2023 by the Petitioner. Mr. Moritz sponsored Exhibit A showing the 200-acre unit formed under Rule 303 and the Cook 32-1 HD1 well. He further testified the Cook 32-1 HD1 continues to produce on the drilling unit.

Mr. Ritsema testified the Cook 32-1 HD1 well is in the Trenton formation in Kalamazoo County, Michigan. Mr. Ritsema introduced the production records for the Cook 32-1 HD1 (Exhibits B-1 and B-2) and testified that the Cook 32-1 HD1 would currently produce more than the flaring limit if allowed to do so as shown on Exhibits B-1 and B-2. Mr. Ritsema testified that by limiting oil production to avoid exceeding 100 MCFGPD of gas flared, production is not optimized from the various productive zones and the risk of crossflow between zones is present. Further, the testimony indicates that producing at the limited gas rate could allow one zone to produce more than another within the same well, which could decrease contribution from other zones and impact total production. Mr. Ritsema testified that the requested change in oil and gas allowables would allow for the most efficient reservoir management. Further, if the Cook well is held to the standard oil and gas allowable, the plugging of the well and remediation would be delayed.

If the Cook well had been drilled as a conventional vertical or short lateral well, additional wells would have been needed to drain the unit and each such well would have been granted a 200 BOPD and/or 200 MCFGPD allowable under Order No. 18-2007. It is Mr. Ritsema's opinion that granting the increased allowable for the 200-acre drilling unit will protect the correlative rights of owners within the drilling unit and prevent waste.

Mr. Ritsema testified that the gas from the Cook 32-1 HD1 well is processed by a facility within the drilling unit (shown on Exhibit C) and cannot be economically sold. Exhibits D, E, F, and G reflect that the estimated total cost for building a gas treatment plant and sales line to connect to the nearest gas pipeline far exceeds the revenue that would be realized from the gas sales. Current wells as well as future drilling in the area is not anticipated to justify the cost of construction of the gas plant and sales line. Further, there is no other beneficial use that could be instituted for the gas to avoid additional flaring at the facility. The Petitioner is utilizing produced gas to operate surface equipment.

I find that the Petitioner's development of the Trenton-Black River Formation in this geographic location, using expanded drilling units and horizontal drilling, has been beneficial to ensuring the ultimate recovery and avoiding the drilling of unnecessary wells. I further find that the estimated costs presented for the construction of a gas treatment plant and installation of a gas sales lines indicate that gas produced from wells producing to the Cook central production facility cannot be economically marketed at this time, and based upon the testimony and exhibits presented, an increased allowable of 400 BOPD and 250 MCFGPD, with a daily flaring limit of 200 MCFGPD, is reasonable and appropriate.

### **CONCLUSIONS OF LAW**

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

1. The Supervisor may establish proration limits to prevent waste and to protect correlative rights. MCL 324.61513(2).
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 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.

4. This Order is necessary to make a change in the proration allowable and the restriction on the flaring of gas established in Order No. 18-2007. 1996 AACS, R 324.611 and Order No. 18-2007.

**DETERMINATION AND ORDER**

Based on the Findings of Fact and the Conclusions of Law, the Supervisor determines an exception to Order No. 18-2007, is reasonable and appropriate, and will not result in waste.

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

1. Proration allowables for the Cook 32-1 HD1 are hereby established at 400 BOPD and 250 MCFGPD. The volume of gas flared is restricted to 200 MCFGPD and shall be the net volume of gas flared not including the volume of gas used for reasonable and necessary lease fuel purposes.

2. Gas production, lease use, and flaring volumes shall be metered and reported to the Supervisor pursuant to Order No. 18-2007, Section 10.

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

4. The Supervisor retains jurisdiction in this matter.

5. The effective date of this Order is immediately.



Dated: February 9, 2024

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Adam W. Wygant  
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