

**STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF RECLAMATION**

FINAL DETERMINATION OF ACCEPTANCE

Petition of Ally Exploration LLC
For Spacing Exceptions for Drilling and Production
From the Devonian Limestone
Located in Clay County, Sec. 23, T11N, R7W
Reitmeyer Unit

As provided in 312 IAC 29-13-7, an informal hearing was conducted under 312 29-3-4 and held in this matter on February 13, 2023, before the Indiana Department of Natural Resources (IDNR), Division of Reclamation, Oil and Gas Section, at the Jasonville Office of the division located at 14619 West State Road 48, Jasonville, IN 47438. The purpose of the informal hearing was to consider the Petition for granting an exception to the well spacing requirements filed by Ally Exploration LLC for production from the Devonian Limestone located in the E 1/2 of the SW/4 of Section 23, the NW/4 of the SW/4 of section 23, and parts of the SW/4 of the SW/4 of Section 23, all in Township 11 North, Range 7 West containing 158.8 acres more or less.

Having reviewed the entire record in this matter, and being duly advised, the Director of Reclamation (Director) makes the following Findings of Fact, Conclusions of Law and Final Determination of Acceptance:

FINDINGS OF FACT

1. Petitioner Ally Exploration LLC principal place of business is 4480 Mt. Hope Road, Ste. B, Williamsburg, MI 49690.
2. Indiana Code 14-37-3-3 requires the IDNR to regulate the spacing of wells and drilling unit sizes for oil and gas purposes through the establishment of rules providing minimum distances between wells and adjacent properties, and minimum acreage requirements for each well taking into consideration of regional and geological characteristics and factors conducive to the most efficient and economical recovery of oil and gas.
3. 312 IAC 29-13-3 contains the rules adopted by IDNR for regulation of well spacing and drilling unit size for vertical oil wells.
4. 312 IAC 29-13-7 allows the Division Director to grant an exception to the spacing or drilling unit requirements of 312 IAC 29-13-3 where the request is supported by unusual regional or geological characteristics and the exception is conducive to the most efficient and economical recovery of oil and gas.
5. Petitioner asserts that due to geologic features such as a structural high between two

producing wells will result in an extension of the productive life of the field and maximize the ultimate recovery of oil.

6. Petitioner attached the following documents to its Petition:
 - a. Structure map of the Devonian Limestone and an outline of the 158+ acre Reitmeyer Unit.
7. As required by 312 IAC 29-13-7 (c), an informal hearing was scheduled and a public notice which included the date, time, and place of the informal hearing was mailed to the petitioner and all owners of record of oil and gas interests within the petition area.
8. The following persons were present at the informal hearing held on 2/13/2023:

<u>Person</u>	<u>Representing</u>
Steve Weinzapfel	Division of Reclamation
Brad Loveless	Ally Exploration LLC
Jim AmRhein	Division of Reclamation
Beth Hernly	Division of Reclamation

9. No objections to the Petition were submitted by any persons present at the informal hearing.
10. No written comments were submitted by any persons who were not present at the informal hearing.
11. The division finds the following:
 - a. The proposed drilling pattern within the area of common ownership and control is reasonably necessary for more efficient recovery of oil, gas, or coal bed methane.
 - b. Waste will not occur.
 - c. Unnecessary wells will not be drilled.
 - d. The proposed well will maintain the required distance from the nearest external drilling unit boundary line not under common ownership as specified in 312 IAC 29-13-7.
12. Based upon a review of all relevant information, the Petition should be accepted to allow the Petitioner to proceed with the efficient and economical development of the request area in accordance with the Final Determination of Acceptance.

CONCLUSIONS OF LAW AND FINAL DETERMINATION OF ACCEPTANCE

1. IC 14-37-3-3 and any rules promulgated thereunder apply and are pertinent to the subject matter of the Petition filed herein.
2. There has been full compliance with all notice requirements provided by law, and all interested parties have been afforded an opportunity to be heard.
3. The IDNR and the Division have jurisdiction to hear this matter and authority, as delegated by the Natural Resources Commission, to approve this Petition.
4. The Petition, herein referenced, contains the elements required by law.

5. The spacing exception requested by Petitioner is hereby approved as follows:
 - a. Spacing requirements between wells is waived; however, producing wells shall not be spaced closer than 330 feet from a lease line, property line or other unconsolidated property interest within the Affected Area
 - b. Removes the requirements for drilling units within the Affected Area.
6. This determination is a final administrative action of the IDNR and, as such, is subject to administrative review under IC 4-21.5-3-7.

Dated: _____

Steven J. Weinzapfel
Director, Division of Reclamation

**DIVISION OF RECLAMATION
DEPARTMENT OF NATURAL RESOURCES**

NOTICE OF FINAL DETERMINATION OF ACCEPTANCE

NOTICE OF RIGHT TO APPEAL

CERTIFICATE OF MAILING

You are hereby notified that on the date indicated below, the Indiana Department of Natural Resources, through the Director of the Division of Reclamation, issued a Final Determination of Acceptance with respect to a Petition for an exception to the well spacing requirements found in 312 IAC 29-13-3. The Order of Acceptance is based on a Petition filed by Ally Exploration LLC (Petitioner) and on an Informal Hearing held in this matter on February 13, 2023, in Jasonville, Indiana to consider the Petition for an exception to the drilling unit and spacing unit requirement for production from The Devonian Limestone Formation located in parts of Sec. 23 of Township 11N, Range 13W of Posey County, IN. A copy of the Final Determination of Acceptance issued on the date indicated below is enclosed.

The terms of the enclosed Final Determination of Acceptance are subject to appeal and review under IC 4-21.5-3-7 in a hearing before an Administrative Law Judge. To qualify for administrative review, a person must petition for review in writing stating facts that demonstrate the petitioner is:

- (A) a person to whom the order is specifically directed;
- (B) aggrieved or adversely affected by the order; or
- (C) entitled to review under any law.

Any petition for administrative review must be filed with the Division of Hearings, Natural Resources Commission, Indiana Government Center North, 100 N. Senate Ave., Rm. N103, Indianapolis, IN 46204 within eighteen (18) days after the mailing date of this notice. If no petition for administrative review is filed within the stated time limit, all terms and conditions contained in the enclosed Final Determination of Acceptance will become final and binding.

I further certify that a copy of the referenced Final Determination of Acceptance was sent by First Class Mail on the date indicated below to the following:

Ally Exploration LLC, 4480 Mt. Hope Road, Ste. B, Williamsburg, MI, 49690.

Dated: _____

Steven J. Weinzapfel
Director, Division of Reclamation