

**TATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS**

FINAL DETERMINATION OF ACCEPTANCE

Petition of Dee Drilling Company For Drilling Unit and) Case No.: DOG-18-2008
Spacing Exceptions for Drilling and Production from the)
Ste. Genevieve Limestone formation located in portions of)
Surveys 31 and 32, in T2S, R10W, Knox County, Indiana.

As provided in 312 IAC 16-5-2, an informal hearing was conducted under 312 16-2-3 and held in this matter on 06/15/2009, before the Indiana Department of Natural Resources (IDNR), Division of Oil and Gas (Division), at the Indianapolis Office of the Division located at 402 W. Washington Street, Indianapolis, IN 46204. The purpose of the informal hearing was to consider the Petition filed by Dee Drilling Company (Petitioner) for the above proposed production in portions of Surveys 31 and 32, Township 2 South, Range 10 West, Knox County, IN.

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

FINDINGS OF FACT

1. Petitioner Dee Drilling Company is a corporation whose principal place of business is 431 Market Street, P. O. Box 7, Mt. Carmel, Illinois 62863.
2. Indiana Code 14-37-3-3 requires the IDNR to regulate the spacing of wells 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 16-5-1 through 312 IAC 16-5-3 contain the rules adopted by IDNR for regulation of well spacing and drilling unit size.
4. 312 IAC 16-5-2 allows the Division Director to grant an exception to the spacing or drilling unit requirements of 312 IAC 16-5-1 and 312 IAC 16-5-2 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 he is unable to establish a normal rectangular 20 acre drilling unit because the proposed drill location falls on a property that is not covered by the standard rectangular surveying system and therefore, it cannot be used to designate the drilling unit. The proposed well location within the proposed drilling unit would meet or exceed the minimum spacing requirement between wells completed within the same formation.
6. Petitioner attached the following documents to its Petition:
 - a. Exhibit "A" – Map of the Request Area
 - b. Exhibit "B" – Aerial Photo of Request showing lease boundary.

- c. Exhibit "C" – Map showing the location of the proposed well relative to future potential well locations.
7. As required by 312 IAC 16-2-3 (c), notice of the date, time, and place of the informal hearing held in the Indianapolis Office of the Division of Oil and Gas on June 15, 2009 was published in the Vincennes sun-Commercial newspaper on May 25, 2009.
8. The following persons were present at the informal hearing held on 6/15/2009:
- | <u>Person</u> | <u>Representing</u> |
|---------------|----------------------|
| Mona Nemecek | DNR Div. Oil and Gas |
9. No comments or objections to the Petition were submitted by any persons present or not present at the informal hearing.
10. Based upon a review of all relevant information, the Petition should be accepted in order 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 and drilling unit acreage requested by Petitioner is hereby approved as follows:
 - a. Rectangularly shaped 20 acre drilling unit that does not conform to the standard $\frac{1}{4}$, $\frac{1}{4}$, $\frac{1}{4}$ section land units.
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.

June 25, 2009
Dated



Herschel L. McDivitt, Director
Division of Oil and Gas

**DIVISION OF OIL AND GAS
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 Oil and Gas, issued a Final Determination of Acceptance with respect to a Petition for an exception to the well spacing and drilling unit requirements found in 312 IAC 16-5-1 through 312 IAC 16-5-3. The Order of Acceptance is based on a Petition filed by Dee Drilling Company (Petitioner) and on an Informal Hearing held in this matter on 6/15/2009, in Indianapolis, Indiana to consider the Petition for an exception to the standard drilling unit requirements for production from the Ste. Genevieve limestone formation in portions of Surveys 31 and 32, Township 2 South, Range 10 West, Knox 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. In order 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.

In order to be timely, any petition for administrative review must be filed with the Division of Hearings, Natural Resources Commission, Indiana Government Center South, 402 W. Washington St., Rm. W272, 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:

Dee Drilling Company, P. O. Box 7, Mt. Carmel, IL 62863

June 25, 2009
Date



Herschel L. McDivitt, Director
Division of Oil and Gas