

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

**FINAL DETERMINATION OF ACCEPTANCE**

Petition of Warren American Oil Company, LLC. For ) Case No.: DOG-02-2014  
Drilling Unit and Spacing Exceptions for Drilling and  
Production from the Waltersburg Sandstone, located on the )  
John W. Spencer lease in S ½ SW 1/4 of Sec.1, T7 South, )  
R14 West, Posey 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 4/16/2014, 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 for granting an exception to the well spacing and drilling unit requirements filed by Warren American Oil Company, LLC (Petitioner) for the production from the Waltersburg Sandstone located on the John W. Spencer lease in the South half, Southwest quarter of Section 1, Township 7 South, Range 14 West, Posey 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 Warren American Oil Company, LLC is a corporation whose principal place of business is 6585 South Yale Avenue, Suite 800, Tulsa, Oklahoma 74136.
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 due to years of production on standard ten (10) acre units that has resulted in coned water around existing wellbores, there is unrecovered or "stranded" oil that has been crowded into portions of the reservoir. Development on five (5) acre spacing units rather than from standard ten (10) acre units 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:

Warren American Oil Company, LLC

Cause No.: DOG-02-2014

- a. Exhibit "A" – Survey description of the Request Area
  - b. Exhibit "B" – Plat Map showing current well locations relative to the Request Area.
  - c. Exhibit "C" – Structure map of the Waltersburg Sandstone for Section 1, Township 7 South, Range 14 West in Posey County, Indiana.
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 April 16, 2014 was published in the Mount Vernon Democrat newspaper on April 3, 2014.
8. The following persons were present at the informal hearing held on 4/16/2014:

<u>Person</u>	<u>Representing</u>
Mona L. Nemecek	Division Oil and Gas

9. No comments or objections to the Petition were submitted by any persons who were 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. Drilling units, each consisting of ½ of a ¼, ¼, ¼ section containing 5 acres more or less, allowing for the use of any portion of one ¼, ¼ section with any portion of another ¼, ¼ section ; and
  - b. Spacing of no less than 330 feet between oil wells capable of production from the Waltersburg sandstone within the request area. Producing wells shall not be spaced closer than 330 feet from the lease boundary of the John W. Spencer property.
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.

April 24, 2014  
Dated



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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 Warren American Oil Company, LLC (Petitioner) and on an Informal Hearing held in this matter on 4/16/2014, in Indianapolis, Indiana to consider the Petition for an exception to the 10 acre spacing requirement for production from the Waltersburg Sandstone, located on the John W. Spencer lease in S ½ SW 1/4 of Section 1, Township 7 South, Range 14 West, 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. In order to qualify for administrative review, a person must petition for review in writing stating facts that demonstrate the petitioner is:

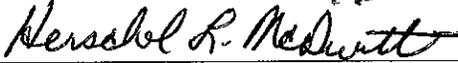
- (A) a person to whom the order is specifically directed;
- (B) aggrieved or adversely affected by the order; or
- (C) entitled to review under any law.

In order to be timely, any petition for administrative review must be filed with the Division of Hearings, Natural Resources Commission, Indiana Government Center North, 100 N. Senate Ave., Rm. N501, 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:

Warren American Oil Company, LLC, 6585 South Yale Ave., Suite 800, Tulsa, OK 74136

April 24, 2014  
Date

  
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Herschel L. McDivitt, Director  
Division of Oil and Gas