

**STATE OF NEW YORK
DEPARTMENT OF ENVIRONMENTAL CONSERVATION**

In the Matter of the Integration of
Interests Pursuant to Environmental
Conservation Law ("ECL") § 23-0901(3)
within an Individual Spacing Unit Known
as,

ORDER OF DISPOSITION

DEC Order No.
DMN 08-02

FARMER 1.

Appearances of Counsel:

- Alison H. Crocker, Deputy Commissioner and General Counsel (Jennifer Maglienti of counsel), for staff of the Department of Environmental Conservation
- The West Firm, PLLC (Thomas S. West of counsel), for well operator East Resources Inc.
- Lipman & Biltekoff, LLP (Michael P. Joy of counsel), for Western Land Services, Inc.

ORDER OF DISPOSITION OF THE CHIEF ADMINISTRATIVE LAW JUDGE

Proceedings

Staff of the Department of Environmental Conservation ("Department") issued a well permit as defined by ECL 23-0501(1)(b)(3) for the Farmer 1 natural gas well on September 28, 2007, and thereby established a spacing unit for the Trenton/Black River natural gas formation. The spacing unit is located in the Town of Southport, Chemung County.

Pursuant to ECL 23-0901(3), a compulsory integration hearing ("CI hearing") was held on January 9, 2008, before Compulsory Integration Hearing Officer Charles Gilchrist. As a result of objections to the draft compulsory integration order raised by well operator East Resources Inc. and uncontrolled owner Western Land Services, Inc., Hearing Officer Gilchrist referred the matter to the Department's Office of Hearings and Mediation Services ("OHMS") for adjudicatory proceedings under part 624 of title 6 of the Official Compilation of Codes, Rules and Regulations of the State of New York ("6 NYCRR"). The

undersigned Chief Administrative Law Judge ("ALJ") was assigned as presiding ALJ.

After the referral, but prior to publication of a notice of adjudicatory hearing, Western Land Services requested adjournment of the matter pending settlement discussions with East Resources. Western Land Services' request was granted on the remaining parties' consent in November 2008.

By letter dated November 16, 2009, Western Land Services advised that it had relinquished its mineral interests in the Farmer 1 unit by assigning its leases to East Resources. Western Land Services asserted that it had thereby effectively withdrawn any objections it previously asserted in this proceeding.

By email dated November 29, 2009, East Resources confirmed that although it raised an objection at the CI hearing to the terms of the draft integration order concerning well site and data access, it stipulated on the CI hearing record that the subject terms should be interpreted consistent with the Commissioner's ruling, and any subsequent court rulings, in other proceedings presently before the Commissioner. Accordingly, East Resources asserted that no outstanding issues remain requiring adjudication.

Order of Disposition

All issues raised by the objecting parties at the CI hearing have been resolved by mutual agreement or are otherwise withdrawn. No other parties to the draft integration order have raised any issues requiring adjudication. Accordingly, consistent with the Department's Organization and Delegation Memorandum 94-13, the matter is hereby remanded to Department staff for issuance of a final order of integration. The hearing record in this matter is hereby closed.

/s/

James T. McClymonds
Chief Administrative Law Judge

Signed: November 30, 2009
Albany, New York

TO: Attached Service List