

STATE OF NEW YORK
DEPARTMENT OF ENVIRONMENTAL CONSERVATION

In the Matter of the order of field-wide well spacing rules and the integration of interests pursuant to Environmental Conservation Law ("ECL") §§ 23-0501 and 23-0901 for the Muck Farm Field located in Steuben County, New York

DECISION
AND
ORDER

(DEC File No. DMN 99-1)

Whereas:

1. This Decision and Order relates to the proposal of the New York State Department of Environmental Conservation Staff ("DEC" or "Department") to establish well spacing in the Muck Farm Field, a find of natural gas, in portions of Steuben County. It also relates to the Department Staff's proposal to establish procedures for future well spacing and compulsory integration, when needed, in the Muck Farm Field. The well spacing and compulsory integration proposals are made pursuant to ECL Article 23, Titles 5 and 9, respectively.

2. Pursuant to a Notice of Public Hearing published on May 26, 1999, public hearing sessions were held before Administrative Law Judge ("ALJ") Frank Montecalvo on June 21, 1999, and June 22, 1999 at the Steuben County Civil Defense Building, State Route 54 (Bath-Hammondsport Road), Bath, New York.

3. As stated in the attached rulings after public hearing and order of disposition ("Ruling") of ALJ Montecalvo, Columbia Natural Resources ("CNR" or "Columbia") and Department Staff reached agreements on matters raised in the Department Staff's proposal and embodied those agreements in an executed Stipulation, dated May 18, 1999 ("Stipulation").

4. ALJ Montecalvo's Ruling finds that the hearing record reveals no reason why the Department should not take the action as proposed and that no issues were raised in the public hearing which required further proceedings.

5. Upon review of the attached Stipulation and Ruling, I concur with the recommendations;

NOW, THEREFORE, having found that the Stipulation will result in the efficient and economical development of the gas pool as a whole; establishes five spacing units for the existing wells in the Muck Farm Field; establishes procedures for future well spacing and compulsory integration, when needed, in the Muck Farm Field; and is necessary to carry out the policy provisions of ECL Section 23-0301, it is hereby ORDERED that:

I. The attached Stipulation executed by CNR and the Department, dated May 18, 1999, and its terms and conditions, including Exhibits A and B1-B5, are hereby incorporated by reference into and made a part of this Decision and Order.

II. The Stipulation resolves all outstanding issues regarding the following issues: (1) well spacing in the Muck Farm Field; (2) allocation of royalty interest due to unit owners affected by the production from existing and future proposed wells; and (3) permit application procedures for any future proposed wells. The Stipulation applies only to natural gas and/or oil production realized from that area in Steuben County, New York, as identified on the map attached to the Stipulation as Exhibit "A," which shows those surface lands overlying the natural gas bearing pool within the Ordovician Trenton/Black River carbonates, and as extended or modified by additional wells drilled and completed pursuant to this Decision and Order.

III. As operator of each of the Spacing Units for the five existing wells in the Muck Farm Field, Columbia shall file a copy of this Decision and Order, including the Stipulation and Exhibit A, with the Steuben County Clerk against parcels that are unleased on the effective date of this order. Columbia shall submit proof of such filing to the Department's Division of Mineral Resources within 30 days of the effective date of this Order.

NEW YORK STATE DEPARTMENT OF
ENVIRONMENTAL CONSERVATION
JOHN P. CAHILL, COMMISSIONER

Albany, New York
January 31, 2000