NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION

In the Matter of the Establishment of a Spacing Unit
Pursuant to Environmental Conservation Law ("ECL")
§ 23-0503(5)

Well Name: Eolin 1   SPACING ORDER
API Number: 31-101-23105-00-00   DMN 12-02
Well Operator: Talisman Energy USA Inc.

WHEREAS:

1.   The Department of Environmental Conservation ("Department") issued a Permit to Drill the subject well on March 12, 2004, and the Well is presently owned and operated by Talisman Energy USA Inc. ("the well operator").

2.   The well operator proposed a spacing unit that conforms to the "statewide spacing" provisions of ECL 23-050l(b)(l)(iv). A map of the spacing unit is attached hereto as Exhibit A.

3.   Following a review of information provided by the well operator, Department staff determined that the proposed spacing unit satisfies the requirements of subdivision 2 of ECL 23-0503.

4.   In accordance with ECL 23-0503(5), a Notice of Intent to Issue a Spacing Order ("Notice") was published on March 7, 2012, in the Department's Environmental Notice Bulletin, and on March 12, 2012, in the Corning newspaper, *The Leader*. The affidavit of publication in *The Leader* is attached as Exhibit B.

5.   Each uncontrolled owner of a tract within the spacing unit where the well is located was also provided direct Notice by certified mail, return receipt requested.

6.   The Notice provided a 30-day comment period and opportunity to challenge the spacing unit.

7.   No challenges to the proposed spacing unit or comments that raised substantive and significant issues were received by the Department during the 30-day comment period, which ended on April 11, 2012.

8.   The *Affirmation of Acreage Control and Rights in Target Formation* filed by the well operator, attached hereto as Exhibit C, indicates that compulsory integration pursuant to ECL article 23, title 9, is required.

NOW, THEREFORE, having considered that due, proper and sufficient notice was given; that no substantive and significant issues have been raised; and that the establishment of the spacing unit is necessary to carry out the policy provisions of ECL 23-0301, it is hereby ORDERED that:

A.   The subject spacing unit is hereby established consisting of 196 parcels and containing 640.74 acres surrounding the Eolin 1 well in the Town of Corning, Steuben County, as shown on the attached map labeled Exhibit A which shows the unit boundary, tract boundaries and the surface and bottom hole location of the well.

B.   Only those tracts or parts thereof shown on Exhibit A are included in the spacing unit.

C.   Production from the well in the spacing unit is allocated to each tract within the spacing unit based on the acreage of the tract within the unit as a percentage of the total acreage in the unit. That portion of production allocated to each tract in the spacing unit is deemed for all purposes to have been produced from such tract by a well drilled thereon.

D.   The well operator shall file a copy of this Order, including the Exhibits thereto, in the office of the County Clerk in the county or counties where the spacing unit is wholly or partially located. The Spacing Order shall be filed against all tracts in the spacing unit. Proof of filing shall be provided to the Director, Bureau of Oil and Gas Permitting and Management, in the Department's Division of Mineral Resources not later than 90 days after the date of this Order.

E.   Compulsory integration will be addressed by separate order issued in accordance with ECL article 23, title 9.

F.   This order is effective on the date it is signed, and is final and binding upon the well operator, its heirs, successors and assigns.

IN WITNESS WHEREOF: The Department of Environmental Conservation has caused this Order to be signed and issued and has filed the same in its office in the County of Albany, New York this 7th day of June, 2012.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
JOSEPH J. MARTENS, COMMISSIONER

—————————— /s/ ——————————

Dated: June 7, 2012
          Albany, New York

TO: Active Party Service List
          Uncontrolled owners in the spacing unit