

Michigan Public Service Commission sets schedule for proceedings in hearing on operation of Antrim Shale wells under vacuum

by Matt Hewitt
MOGN Associate Editor

LANSING, Mich. — Administrative Law Judge Mark Eyster on June 15 established a schedule for filings and hearing dates in a contested case proceeding initiated on the motion of the Michigan Public Service Commission (MPSC) to consider whether it should allow the production of Devonian Antrim Shale gas wells under a vacuum and the effect that allowing or rejecting such operations might have on the commission's obligation to protect correlative rights, safeguard the general public, and prevent economic waste.

The commission's administrative rule R 480.867, also known as "Rule 17," provides that "no gas well, pool or field shall be placed under vacuum by the use of compressors, pumps or other devices except with the approval of the commission." The rule further states that if placing a vacuum in a well, field or pool is planned, application for approval must be made to the commission, and adjoining lease owners and operators potentially affected be given notice. According to the rule, "The commission may call a hearing on the subject, or it may take such action as it deems advisable."

Case No. U-16230 is a consolidation of four previous cases, where HighMount Midwest Energy, LLC (Case U-16074), Belden & Blake Corp, doing business as Ward Lake Energy (Case U-16075), and Terra Energy Co., LLC (Case U-16076), had each sought MPSC approval to operate a limited number of gas wells under a vacuum in a total of nine Antrim Shale projects located in Montmorency, Oscoda, and Otsego counties.

At a June 15, 2010 prehearing conference in Case No. U-16230 Dingeman Dancer & Christopherson attorney James Christopherson was representing original applicants HighMount Midwest Energy LLC, Belden & Blake Corp. (doing business as Ward Lake Energy), and Terra Energy Co. LLC, along with affiliated companies included in two amended applications, EnerVest Operating LLC, EnerVest Institutional Fund LP, and BreitBurn Energy Partners LP. Christopherson was also representing Merit Energy Co., who was granted intervenor status on June 15.

Bowerman, Bowden, Ford, Clulo & Luyt, P.C. attorney Greg Luyt represented Muskegon Development Co., which had sought in MPSC Case No. U-16190, filed in January 2010, a declaratory ruling of the commission that it would not grant

exceptions to its Rule 17, or in the alternative, allow Muskegon to protect its correlative rights by approving operations of all its natural gas wells under a vacuum. The order initiating Case No. U-16230 deemed further proceedings in Case U-16190 unnecessary, with Muskegon Development continuing as a party to Case U-16230.

Representing intervenors O.I.L. Energy Corp., Atlas Gas & Oil Co. LLC, Jordan Development Co. LLC, HRF Exploration & Production LLC, and Trendwell Energy Corp. were Varnum Law Firm attorneys Jack Sage and Toni Newell. Attorneys Sherri Wellman and Harvey Messing of Miller Canfield Paddock & Stone were on hand to represent CO₂ gas plant owner/operator DCP Antrim Gas LLC and transmission line owner/operator DCP Grands Lacs LLC, and Biber, O'Toole, Fowler & Clarkson, PLLC attorney James O'Toole was representing mineral owner Turtle Lake Club. Assistant Attorney General Spencer Sattler attended the prehearing on behalf of the MPSC.

At the June 15 prehearing, it was agreed upon by present parties that the MPSC would create a historical report containing background information, facts and figures relating to the case.

Administrative Law Judge Eyster said he expects the report to contain information about the Devonian Antrim "structures" themselves, and how those structures compare to similar structures across the country in places where vacuum production operations are allowed, among various other topics.

A draft of this historical and informational report would be prepared and sponsored by MPSC staff, but would include

feedback from interested parties. A timetable of six weeks for MPSC staff to prepare the report was decided upon, with two additional weeks allowed for parties to reply with their feedback, and an additional two weeks for MPSC staff to finalize the report. The historical report would be finalized on Aug. 24, with two weeks for parties to respond to the report with additional facts, and two more weeks for the MPSC to respond to the additional facts with their own facts.

Applicants' testimony is due by Aug. 16, with additional response to the historical report from parties to the case due Sept. 10. A reply from the MPSC to parties about the report is due Sept 25.

Intervenor testimony is due Oct. 19, with MPSC staff testimony due Nov. 20. Rebuttal testimony is due Jan. 7, 2011, and motions to strike are due Jan. 21. Responses to motions are due Jan. 28.

Cross-examination of prefiled testimony is currently scheduled for Feb. 8-10, Feb. 22-25, 28, and March 1-4.

Direct testimony filed earlier this year by representatives of each of the original applicants indicated that operation of Antrim Shale gas wells under a vacuum would increase both the production rate and ultimate recovery of gas.

Petitions to intervene in the case noted concerns for the potential of surface, reservoir, and economic waste, and harm to correlative rights from operating Antrim Shale wells under a vacuum.

For additional information on these cases, see the May Monthly Report Edition of *Michigan Oil & Gas News*.

Rework Permits

P#058411 5113 SAMSON RESOURCES CO.
SAMSON PLAZA
2 W SECOND ST
TULSA, OK 74103-3103

WELL NAME: BUCZEK A4-22
APPROVAL DATE: 5/4/2009 CONTINUE DRILLING - STRAIGHT HOLE
LOC: QI QI QI SEC I B TOWNSHIP COUNTY
SL: NE NE NE 22 27N 8E HAWES ALCONA
REWORK: DEEPEN 75'

P#058216 6310 CORE ENERGY LLC
1011 NOTEWARE DR.
TRAVERSE CITY, MI 49686-7101
HANOVER 1-29A

WELL NAME: HANOVER 1-29A
APPROVAL DATE: 5/8/2009 TEMPORARILY ABANDON
LOC: QI QI QI SEC I B TOWNSHIP COUNTY
SL: SE NE SE 29 19N 17W VICTORY MASON
REWORK: TA EXPIRES 3/31/2010.

P#059316 6354 ANTARES EXPLORATION FUND LP
7700 SAN FELIPE, STE. 500
HOUSTON, TX 77063-1615
ANDERSON 1-19

WELL NAME: ANDERSON 1-19
APPROVAL DATE: 5/11/2009 TEMPORARILY ABANDON
LOC: QI QI QI SEC I B TOWNSHIP COUNTY
SL: NE NW SW 19 32N 9E ALPENA ALPENA
REWORK: TA EXPIRES 3/31/2010.

P#058993 5497 CONTINENTAL RESOURCES, INC.
PO BOX 749
MOUNT VERNON, IL 62864-0015
WESSEL 1-1

WELL NAME: WESSEL 1-1
APPROVAL DATE: 5/12/2009 TEMPORARILY ABANDON
LOC: QI QI QI SEC I B TOWNSHIP COUNTY
SL: SE SE NE 1 7S 2W JEFFERSON HILLSDALE
REWORK: TA EXPIRES 5/12/2010.

P#059081 6410 PRESIDIUM ENERGY LC
3760 N. US 31 S., STE. B
P.O. BOX 1828
TRAVERSE CITY, MI 49684-4497
BAKER C3-21

WELL NAME: BAKER C3-21
APPROVAL DATE: 5/14/2009 TEMPORARILY ABANDON
LOC: QI QI QI SEC I B TOWNSHIP COUNTY
SL: NE NW SE 21 26N 14W HOMESTEAD BENZIE
REWORK: TA EXPIRES 3/31/2010.

P#059143 6410 PRESIDIUM ENERGY LC
3760 N. US 31 S., STE. B
P.O. BOX 1828
TRAVERSE CITY, MI 49684-4497
STATE HOMESTEAD & BURCROFF B4-22

WELL NAME: STATE HOMESTEAD & BURCROFF B4-22
APPROVAL DATE: 5/14/2009 TEMPORARILY ABANDON
LOC: QI QI QI SEC I B TOWNSHIP COUNTY
SL: NW SE NE 22 26N 14W HOMESTEAD BENZIE
REWORK: TA EXPIRES 3/31/2010.

P#059083 6410 PRESIDIUM ENERGY LC
3760 N. US 31 S., STE. B
P.O. BOX 1828
TRAVERSE CITY, MI 49684-4497
POWERS C4-9

WELL NAME: POWERS C4-9
APPROVAL DATE: 5/15/2009 TEMPORARILY ABANDON
LOC: QI QI QI SEC I B TOWNSHIP COUNTY
SL: SW NE SE 9 24N 15W PLEASANTON MANISTEE
REWORK: TA EXPIRES 3/31/2010.