

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

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

**HAKES 1.**

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

**HARDY 1447-A.**

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

**REED 1.**

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

**ROOT 1514.**

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

**SODERBLOM 1.**

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**ORDER OF  
DISPOSITION**

DEC Order No.  
DMN 08-31

DEC Order No.  
DMN 08-29

DEC Order No.  
DMN 08-32

DEC Order No.  
DMN 08-30

DEC Order No.  
DMN 08-33

Appearances of Counsel:

- Alison H. Crocker, Deputy Commissioner and General Counsel (Jennifer Hairie of counsel), for staff of the Department of Environmental Conservation
- The West Law Firm, PLLC (Thomas S. West of counsel), for Fortuna Energy Inc.
- Lipman & Biltekoff, LLP (Michael P. Joy of counsel), for Angela Burton and Thomas White (Hakes 1); Rural Energy Development Corp. (Hardy 1447-A and Root 1514); and Western Land Services Inc. (Soderblom 1 Unit)
- The Denton Law Office PLLC (Christopher Denton of counsel), for Angela Burton and Thomas White (Hakes 1); Michael and Barbara Dandrea, John and Beverly Fridie, Michael and Silvie Wieczorek, the Fred Lewis Farm Mineral Rights and Revenue Trust and Lawrence Lewis Trustee, and Linnie and Lisa McKee (Soderblom 1)
- Boylan, Brown, Code, Vigdor & Wilson, LLP (Sheila M. Chalifoux of counsel), for petitioner Betty Hurley (Soderblom 1 Unit)
- Stephen Jeffrey Lawton and John Stephen Lawton, appearing pro se (Reed 1 Unit)
- Thomas A. Dunbar, appearing pro se and on behalf of Deborah S. Dunbar (Soderblom 1 Unit)
- Michael J. and Susan C. LeRose, appearing pro se (Soderblom 1 Unit)

**ORDER OF DISPOSITION**

Proceedings

Staff of the Department of Environmental Conservation ("Department") proposes to issue compulsory integration orders pursuant to Environmental Conservation Law ("ECL") former § 23-0901(3) integrating mineral interests in the spacing units for five natural gas wells. The five wells are the Hakes 1 well,

located in Corning, Steuben County; the Hardy 1447-A well, located in Catlin, Chemung County; the Reed 1 well, located in Corning, Steuben County; the Root 1514 well, located in Catlin, Chemung County; and the Soderblom 1 well, located in Big Flats, Chemung County.

All five natural gas wells were permitted, drilled and spaced prior to 2005, and are currently producing natural gas from the Ordovician Trenton-Black River formation. The Hardy 1447-A and Root 1514 units are new units located in the Wilson Hollow Field. The Hakes 1, Reed 1, and Soderblom 1 units are new units located in the Quackenbush Hill Field. Because of common issues of fact and law, adjudicatory proceedings on the five wells are being conducted on a joint record.

A joint notice of public legislative hearing and issues conference was published that scheduled the legislative hearing and issues conference to commence on Monday, June 23, 2008, in Horseheads, New York. The notice also established Wednesday, May 28, 2008, as the deadline for the submission of petitions for party status.

Timely petitions for full party status were filed by Rural Energy Development Corp. (Hardy 1447-A and Root 1514), John Stephen and Stephen Jeffrey Lawton (Reed 1), and Michael J. and Susan C. LeRose (Soderblom 1), among others. The legislative hearing and issues conference were convened as noticed. An issues ruling and order of disposition was subsequently issued by the presiding Administrative Law Judge ("ALJ") (see Ruling of the Chief ALJ on Issues and Party Status, and Order of Disposition, Sept. 15, 2008).

#### Soderblom 1

By letter dated September 18, 2008, Michael J. and Susan C. LeRose informed the presiding ALJ that they have reached a settlement agreement with Fortuna Energy Inc., the well operator for the five wells. Accordingly, the LeRoses withdraw their petition for party status in the Soderblom 1 proceeding.

Because other uncontrolled owners remain in the Soderblom 1 unit, however, the proceeding is continued.

#### Reed 1

By letter dated September 19, 2008, Stephen Jeffrey and John Stephen Lawton informed the presiding ALJ that they have reached a confidential agreement with Fortuna and, therefore,

withdraw their petition for party status in the Reed 1 proceeding.

Because no uncontrolled owners remain in the Reed 1 unit, a compulsory integration order is unnecessary. According, the adjudicatory proceeding in Reed 1 may be dismissed, and the matter remanded to Department staff for those further proceedings they deem necessary.

Hardy 1447-A and Root 1514

By letter dated October 2, 2008, Rural Energy Development Corp. informed the presiding ALJ that it has reached a confidential agreement with Fortuna and, therefore, withdraws its petition for party status in the Hardy 1447-A and Root 1514 proceedings.

Because no uncontrolled owners remain in the Hardy 1447-A unit, a compulsory integration order is unnecessary. According, the adjudicatory proceeding in Hardy 1447-A may be dismissed, and the matter remanded to Department staff for those further proceedings they deem necessary.

One uncontrolled owner remains in the Root 1514 unit, Thomas R. Knapp, Sr. Mr. Knapp did not file a petition for party status or otherwise object to his integration as a royalty owner, however (see Draft Order No. DMN 08-30, IC Exh 22). Accordingly, the adjudicatory proceeding in Root 1514 may be dismissed, and the matter remanded to Department staff for issuance of a final order of integration.

ORDER OF DISPOSITION

Based upon the stipulation of the parties to the Hardy 1447-A, Reed 1, and Root 1514 proceedings, no issues remain among the parties. Accordingly, the hearing records in the Matter of Hardy 1447-A, Matter of Reed 1, and Matter of Root 1514 are hereby closed, and the matters are severed from the remaining proceedings and remanded to Department staff for those further proceedings deemed necessary.

\_\_\_\_\_/s/\_\_\_\_\_  
James T. McClymonds  
Chief Administrative Law Judge

Dated:       October 7, 2008  
              Albany, New York

Attachments

TO:           Asst. Commissioner Louis A. Alexander  
              Attached Service List