

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
STURGEON POINT DEVELOPMENT COMPANY)	
for an increased allowable withdrawal order for the)	Case No. U-13936
State Troy & MSU 1-9 well.)	
_____)	

At the _____, 2004 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chair
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

ORDER APPROVING MAXIMUM ALLOWABLE WITHDRAWAL RATE

On October 31, 2003, Sturgeon Point Development Company (Sturgeon Point) filed an application seeking a maximum allowable withdrawal order for the State Troy & MSU 1-9 well in the Troy 9 reservoir pursuant to 1929 PA 9, as amended, MCL 483.101 et seq. Specifically, Sturgeon Point requested that the Commission issue an ex parte order approving a maximum daily allowable withdrawal of 25% of the calculated absolute open flow (CAOF) volume, or 5.125 million cubic feet per day (MMcf/day).

Sturgeon Point's application states that (1) the State Troy & MSU 1-9 well is the only well producing from the Troy 9 reservoir, (2) the well is located in the City of Troy and is surrounded by multiple, intensive land uses, (3) the initial well testing was conducted before a pipeline was in place and was limited in duration due to the effects of the gas flare on and perception of the surrounding population, (4) following this limited test, nearly 18 months elapsed while the permits

were obtained to construct the pipeline, production facilities, and meter station, (4) Sturgeon Point thereafter obtained permission to perform an extended production test into the pipeline, (5) during this extended test, gas flow rates were increased with no significant pressure loss and no water production, (6) gas from the well is transported into a distribution line, which requires the addition of mercaptan odorants at a meter station located directly adjacent to the well, (7) complaints of odors that were incorrectly assumed to be gas leaks twice caused the evacuation of an adjacent office building, (8) the pipeline pressure fluctuates and, during warmer days when the pipeline pressure is high, production from the well is curtailed, (9) the periods of curtailment will increase the length of time needed to produce the reserves from the well, (10) increasing the production rate to 25% of the CAOF will accelerate the time needed to produce the reserves and thereby minimize the adverse effects and public perceptions in an urban setting, and (11) the technical data submitted demonstrates that the well can be efficiently produced at a rate of 5.125 MMcf/day, or 25% of the CAOF, without damaging the reservoir.

Attached to the application are technical and production data supporting Sturgeon Point's position.

Based upon its review of the application and supporting data, the Commission Staff concluded that the State Troy & MSU 1-9 well could efficiently and economically produce gas at 25% of the CAOF rate, without damaging the reservoir.

After reviewing the application and supporting data, the Commission finds that good cause exists for approving Sturgeon Point's request and that ex parte approval is appropriate.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 300, as amended, MCL 462.2 et seq.; 1929 PA 9, as amended, MCL 483.101 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3,

as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 et seq.

b. The State Troy & MSU 1-9 well, located in the Troy 9 reservoir, should be allowed to produce gas at a maximum rate of 5.125 MMcf/day.

c. The single-well reservoir in the affected field makes it unnecessary to require a proration order.

d. The public interest will be adequately protected without the time and expense of a public hearing.

THEREFORE, IT IS ORDERED that:

A. The maximum allowable withdrawal rate for natural gas from the State Troy & MSU 1-9 well, located in the Troy 9 reservoir, shall be 5.125 million cubic feet per day.

B. The Commission Staff shall issue a permanent allowable withdrawal order in accordance with this order.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chair

(S E A L)

/s/ Robert B. Nelson
Commissioner

/s/ Laura Chappelle
Commissioner

By its action of

/s/ Mary Jo Kunkle
Its Executive Secretary

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Suggested Minute:

“Adopt and issue order dated _____, 2004 granting Sturgeon Point Development Company authority to produce the State Troy & MSU 1-9 well at a maximum allowable withdrawal rate of 5.125 million cubic feet per day, as set forth in the order.”