

BOARD OF OIL AND GAS REVIEW

DIVISION OF OIL & GAS

DEPARTMENT OF NATURAL RESOURCES, STATE OF OHIO

MARION OPERATING CORP.
Appellants

APPEAL NO. 387

vs

J. MICHAEL BIDDISON, CHIEF
Division of Oil & Gas
Ohio Department of Natural Resources
Fountain Square, Columbus
Ohio 43224

Appellee

Appearances:

For Appellant: Mr. Richard Hart
Marion Operating Corp.
1785 Marion-Marysville Rd.
Marion, Ohio 43302

For Appellee: Anthony J. Celebrezze, Jr
Attorney General
By: Scott Farkas, Esq.
Assist. Attorney General
Building A,
Fountain Square, Columbus
Ohio, 43224

ENTRY

This matter came on for hearing before the Oil and Gas Board of Review on March 13, 1990 at the the Department of Natural Resources, Building E. Conference Room, Fountain Square, Columbus, Ohio pursuant to a timely Notice of Appeal filed by the Appellant. The appeal was taken from the Order of the Chief, Division of Oil and Gas, # 89-796, dated October 24, 1989, revocating the annual disposal authorization for five wells in Licking, County, Ohio because Marion Operating Corp. had not demonstrated mechanical integrity for the wells and ordering that the company immediately cease using annular disposal and remove all disposal apparatus from the well within thirty (30) days.

ISSUES

The question in this Appeal is whether the Chief of the Division of Oil and Gas lawfully and reasonably issued Order 89-796.

DISCUSSION

The basis for the appeal by Marion Operating Corp. (hereinafter Marion) related to the interpretation of the socalled Positive Displacement Gas Pressure Test. Marion contended that the test (also called the Positive Differential Test) of the casing as reported on the "Annular Disposal Mechanical Integrity Testing Report" for the Dunlap No. 2 (P-4289) and the Lampton No. 3 (P-4976), although showing pressure loss of greater than the allowable 1% in one hour, could

be interpreted as showing loss into the Berea Sandstone rather than as a lack of integrity in the casing.

A geologist for the UIC section testified regarding the origin of the test and the fact that the test used for cased and cemented wells is the one developed in cooperation with the industry through a year long study and is the one approved by the U.S.E.P.A. He further testified that the Chief of the Division of Oil and Gas is not privileged to change the agreed upon and mandated test because of conditions interpreted to be other than casing leaks.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Based on the testimony of the witnesses and the exhibits presented to the Board, the Board makes the following findings:

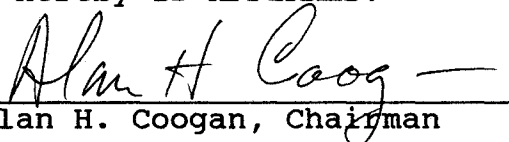
1. The Positive Differential Tests of the Marion Operating Corp. No. 2 Dunlap and No. 3 Lampton did not meet the requirement of less than 1% pressure loss in 1 hour.


2. The objection that the leakage might be due to gas flow into the Berea Sandstone or another geologic formation instead of casing leak was not demonstrated, merely offered as an explanation of the test results.

3. The Finding of the Chief made in Order 89-796 are and were valid findings based on information and tests.

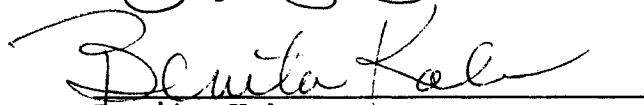
4. The order revoking annular disposal and removal of equipment flow directly from the factual findings.

Therefore, the Board of Oil and Gas Review finds the Order of the Chief, No. 89-796 to have been lawful and reasonable and the Board **ORDERS**, that Appeal 387 is hereby **DISMISSED** and that the Adjudication Order No. 89-796 be and hereby is **AFFIRMED**.


Alan H. Coogan, Chairman


Robert H. Alexander
Secretary


Gail Ignatz-Hoover


Benita Kahn


William G. Williams