



2410 W. Washington St.
Sullivan, IN 47882

Brad Loveless 812-881-9081
Email: brad @ lovelessgeological.com

Steve Weinzapfel, Director
Division of Reclamation
Oil & Gas Section
402 W. Washington St, Rm 293
Indianapolis, IN 46204

**STATE OF INDIANA
PETITION BEFORE THE
DIRECTOR, DIVISION OF RECLAMATION
OIL AND GAS SECTION
DEPARTMENT OF NATURAL RESOURCES**

IN THE MATTER OF:

)PETITION OF ALLY EXPLORATION, LLC
)APPROVAL OF ALTERNATE DRILLING UNITS
)PURSUANT TO 312 IAC 29-13-7

Comes now ALLY EXPLORATION, LLC, on behalf of itself and other owners of leasehold interests as set forth below (hereinafter called "Petitioner"), by Bradley E. Loveless, Geologist, LPG#740, Loveless Geological, LLC its agent, and respectfully shows the Division of Reclamation, Oil and Gas Section, Department of Natural Resources of the State of Indiana the following:

Petitioner is the holder of legal title to, and is the duly authorized representative of all other owners of contractual or other beneficial interests in certain oil and gas leaseholds covering land more particularly described as; The REITMEYER UNIT: Oil and Gas Lease by and between Cheryl L. Combs, John F. Reitmeyer & Fern E. Reitmeyer as Lessee and Ally Exploration, LLC as Lessor, recorded in book 141, page 1950, in the records of the Recorder, Clay County, Indiana, on November 21, 2013, and an Oil and Gas Lease by and between John F. Reitmeyer and Fern E. Reitmeyer as Lessee and Ally Exploration, LLC as Lessor, recorded in book 135, page 872, in the records of the Recorder, Clay County, Indiana, on February 11, 2013.

The REITMEYER UNIT is described as follows:

The East 1/2 of the Southwest 1/4 of Section 23, Township 11 North, Range 7 West, containing 80.00 acres, more or less.

The northwest quarter (1/4) of the southwest quarter (1/4) of Section 23, Township 11N, Range 7 West, containing forty (40) acres, more or less.

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The Southwest quarter (1/4) of the Southwest quarter (1/4) of Section 23, Township 11 North, Range 7 West, EXCEPT part of the Southwest quarter (1/4) of the Southwest quarter (1/4) more particularly described as follows: Beginning at a point 645.5 feet East and 461.8 feet North of the Southwest corner of the Southwest quarter of Section 23, Township 11 North, Range 7 West: thence North 60 degrees 32 minutes West 230.9 feet; thence North 3 degrees 22 minutes West 200 feet; thence North 86 degrees 38 minutes East 211 feet; thence South 314.2 feet to the point of beginning, containing 1.20 acres, more or less. Containing after said exception 38.8 acres, more or less.

The REITMEYER UNIT contains, in all, 158.8 acres, more or less.

It is the purpose of this Petition to obtain approval to allow alternate drilling units closer than 660' between wells for the REITMEYER UNIT.

1. The proposed drilling pattern within the area of common ownership or control is reasonably necessary for more efficient recovery of oil, gas or coal bed methane.
2. Waste will not occur.
3. Unnecessary wells will not be drilled.
4. The wells will maintain the required distance from the nearest external drilling unit boundary line not under common ownership or control as specified in sections 3 – 5 of the rule.
5. The wells will maintain the required distance from other wells on adjacent drilling units outside the area of common ownership or control producing from the same formation.

Attached hereto, marked Exhibit A and by reference incorporated herein and made a part hereof a Map of Plat and Geologic Structure of the area sought to be added by this proposed order. The lands above designated are illustrated on Exhibit A. An Isopach has not been prepared since the majority of the wells in the pool did not fully penetrate the productive interval and total thickness data is not available.

The REITMEYER UNIT is within the Saline City Pool. This Silurian reef structure was discovered in 1951 and was developed under the old rules. Historic well density is closer than 660' at Saline City.

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Silurian reef structures in this portion of the Terre Haute Reef Bank are typically very small and rarely extend beyond 2640'. The structural closure on top of this portion of the REITMEYER UNIT extends less than 2000'.

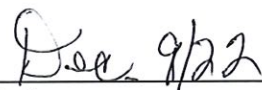
As the field has matured, the oil/water contact has migrated up-dip. This makes developmental drilling on top of the structural closure more critical. Further, compartmentalization of the reservoir, (lateral changes in porosity and permeability), as demonstrated by recent drilling at the nearby Bowling Green and Ashboro Pools, restrict the effectiveness of secondary production. This is frequently encountered when a waterflood operation has positive results in some wells but not in others. Due to this effect, many barrels of oil remain unrecovered when a carbonate reservoir is developed on ten or twenty acre units.

It is the desire of the Petitioner that the Director shall consider and approve this request pursuant to 312 IAC 29-13-7.

Respectfully submitted,


Bradley E. Loveless, LPG#740


Ally Exploration, LLC
Jeff L. Critchfield, Mgr.


Date

This Instrument Prepared By:
Bradley E. Loveless, LPG #740
Loveless Geological, LLC
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