

BEFORE THE BOARD OF OIL, GAS AND MINING  
DEPARTMENT OF NATURAL RESOURCES  
STATE OF UTAH

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IN THE MATTER OF THE REQUEST )	
FOR AGENCY ACTION OF SANTA FE )	
ENERGY OPERATING PARTNERS, )	
L.P. TO EXTEND THE ORDER )	FINDINGS OF FACT, CONCLUSIONS
IN CAUSE NO. 197-4 TO )	OF LAW, AND ORDER
ESTABLISH 640-ACRE DRILLING )	
UNITS FOR THE DEVELOPMENT AND )	Docket No. 89-019
PRODUCTION OF OIL AND GAS FROM )	
THE WASATCH-MESA VERDE )	Cause No. 197-4(A)
FORMATIONS IN SECTIONS 27, 29, )	
30, 31, 32, AND 33 OF TOWNSHIP )	
10 SOUTH, RANGE 20 EAST, )	
S.L.M., IN UINTAH COUNTY, UTAH )	

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This cause came on regularly for hearing before the Board of Oil, Gas and Mining (the "Board") on Thursday, October 26, 1989, at 10:00 a.m., in the Boardroom of the Division of Oil, Gas and Mining at 355 West North Temple, 3 Triad Center, Suite 301, Salt Lake City, Utah.

The following board members were present: Gregory P. Williams, Chairman; E. Steele McIntyre; Richard B. Larsen; Judy F. Lever; John M. Garr; and Kent G. Stringham. Staff members of the Division of Oil, Gas and Mining (the "Division") present and participating in the hearing included Dr. Dianne R. Nielson, Director; Ronald J. Firth, Associate Director - Oil and Gas; John R. Baza, Petroleum Engineer; and Brad Hill, Geologist. Appearance was made by Phillip Wm. Lear of Van Cott, Bagley, Cornwall &

McCarthy for Santa Fe Energy Operating Partners, Ltd. Barbara W. Roberts appeared on behalf of the Board and Division. Robert A. Henricks, Chief, Branch of Fluid Minerals, Utah State Office and Jerry Kenczka of the Vernal District Office, appeared on behalf of the Bureau of Land Management.

NOW THEREFORE, the Board, having fully considered the testimony adduced and the exhibits received at the hearing and being fully advised in the premises, now makes and enters its Findings of Fact, Conclusions of Law, and Order as follows:

#### FINDINGS OF FACT

1. Notice of the time, place, and purpose of the October 26, 1989 hearing was mailed to all interested parties by certified mail, return receipt requested on October 3, 1989, and was published in the Deseret News and Salt Lake Tribune on October 8, 1989, and in the Vernal Express on October 10, 1989.

2. Copies of the Request for Agency Action were mailed to all interested persons as required by the law.

3. Santa Fe Energy Operating Partners, L.P. ("Santa Fe Energy") is a Delaware limited partnership, having its principal place of business in Houston, Texas.

4. Santa Fe Pacific Exploration Company is the managing general partner and is qualified to do business in the State of Utah.

5. The Board is empowered by section 40-6-6 of the Utah Code Annotated (1988) to establish drilling units covering any pool or stratigraphic zone of any pool upon terms and conditions that are just and reasonable.

6. Effective August 24, 1989, the Board entered its order in Cause No. 197-4, establishing a drilling unit for production from a common source of supply in the following described lands in Uintah County, Utah:

Township 10 South, Range 20 East, S.L.M.

Section 28: All

(containing 640.0 acres, more or less).

7. Santa Fe Energy or its affiliates are the lessees of record of or own working interest/operating rights of record in United States Oil and Gas Leases and of Ute Indian Tribe Oil and Gas Exploration and Development Leases-Allotted Indian Lands covering the following described lands in Uintah County, Utah:

Township 10 South, Range 20 East, S.L.M.

Section 27: All

Section 29: All

Section 30: All

Section 31: All

Section 32: All

Section 33: All

(containing 3,840.0 acres, more or less).

The Indian leases affect the stratigraphic interval from the surface down to the base of the Mancos formation. The foregoing lands are hereinafter sometimes referred as the "subject lands."

8. Santa Fe Energy has successfully drilled the Federal 1-27, 1-29, 1-30, and 1-32 Wells situated in the W $\frac{1}{2}$  of Sections 27, 29, 30, and 32, respectively. Said wells are capable of producing gas and associated hydrocarbons in paying quantities, but have been shut-in awaiting pipeline connection.

9. Geological and engineering data obtained during drilling and development operations for said wells and related technical studies conducted within the area indicate that the Order in Cause No. 197-4 should be extended to affect the subject lands. These lands are believed to be underlain by a common source of supply from which oil, gas, and associated hydrocarbons can be produced.

10. The lands to be spaced are currently subject to the authority of the well location and siting Rule R615-3-2 of the Oil and Gas Conservation General Rules of the Board, Utah Admin. Code (1989). That rule establishes locating and citing requirements for oil and gas wells, with the requirement that the well be located in the center of a 40-acre quarter-quarter section or substantially equivalent lot or tract, with the tolerance of 200 feet in any direction from the center location.

11. The interval to be spaced is defined as being the same interval spaced in the Natural Buttes and River Bend Units for the common source of supply in the Wasatch-Mesa Verde formations, more particularly described as follows:

That interval below the top of the Wasatch formation defined as the stratigraphic equivalent of the 4,960 foot depth in the Dual Induction log run March 28, 1974, in the Conoco Home No. 1 Well located in the NW $\frac{1}{2}$ NW $\frac{1}{4}$  of Section 13, Township 10 South, Range 20 East, S.L.M., down to the top of the Mancos formation defined as depth 10,400 feet in said Dual Induction log.

The interval to be spaced is a definite and easily-identifiable stratigraphic horizon throughout the entire area which is customarily drilled and explored for gas potential.

12. Unit wells are to be located in the W $\frac{1}{2}$  of each government survey section. The Federal 1-27, 1-29, 1-30, and 1-32 Wells shall be the unit wells for their respective sections.

13. Only one producing well into the spaced interval should be permitted within the drilling unit established by the Board.

14. The maximum area that can be efficiently and economically drained by one well from the proposed spaced interval in the subject lands is 640 acres.

15. The establishment of drilling units on the spaced interval will prevent waste, avoid the drilling of unnecessary

wells, provide for the operation and development of the spaced interval in such a manner that a greater ultimate recovery of oil may be obtained, and provide for the protection of correlative rights of all parties owning an interest in the proposed drilling unit.

#### CONCLUSIONS OF LAW

1. Due and regular notice of the time, place and purpose of the October 26, 1989 hearing was given to all interested parties in the form and manner and within the time required by law.

2. The Board has jurisdiction over all matters covered by the Request for Agency Action and over all parties interested therein and has power and authority to make and promulgate the order herein set forth.

3. The establishment of drilling units on the spaced interval will prevent waste, avoid the drilling of unnecessary wells, provide for the operation and development of the spaced interval in such a manner that a greater ultimate recovery of oil may be maintained, and provide for the protection of correlative rights of all parties owning an interest in the proposed drilling unit.

#### ORDER

IT IS THEREFORE ORDERED THAT:

1. The drilling units be and are hereby established for the development and production of oil, gas, and associated hydrocarbons from the Wasatch-Mesa Verde formations as defined in paragraph 11 of the Findings of Fact, in its aerial extent as follows:

Township 10 South, Range 20 East, S.L.M.

Section 27: All  
Section 29: All  
Section 30: All  
Section 31: All  
Section 32: All  
Section 33: All

(containing 3,840.0 acres, more or less).

2. The unit wells shall be sited in the  $W\frac{1}{2}$  of each section with tolerances for topographic, geological, and other reasons, as allowed by applicable law, said tolerances or exceptions to be granted by administrative action without notice or hearing.

3. The Santa Fe Energy Federal 1-27, 1-29, 1-30, and 1-32 wells situated in the  $W\frac{1}{2}$  of Sections 27, 29, 30, and 32, respectively, are to be the unit wells for their respective drilling units.

4. The Board retains continuing jurisdictions of all matters covered by this order and over all parties affected thereby.

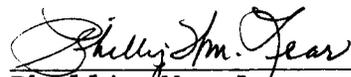
DATED this 30<sup>th</sup> day of November, 1989; but  
effective as of October 26, 1989.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING

By   
\_\_\_\_\_  
Gregory P. Williams  
Chairman

APPROVED AS TO FORM:

\_\_\_\_\_  
Barbara W. Roberts

  
\_\_\_\_\_  
Phillip Wm. Lear

8429L  
110689

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the foregoing FINDINGS OF FACT AND ORDER for Docket No. 89-013, Cause No. 197-4 was mailed by first class mail, postage prepaid, the 6th day of November, 1990 to:

United States of America, Trustee  
for the heirs or devisees  
of Jim Little, Uncompahgre  
Allottee No. 309  
c/o Superintendent  
Uintah and Ouray Agency  
Bureau of Indian Affairs  
Fort Duchesne, Utah 84026

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Lynda S. Jenson

DATED this 6th day of  
November, 1990.