

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

IN THE MATTER OF THE APPLICATION)
OF SAN JUAN MINERALS EXPLORATION)
COMPANY FOR AN EXCEPTION TO THE)
WILD CAT WELL SPACING PATTERN)
ESTABLISHED BY RULE C-3, OF THE)
GENERAL RULES AND REGULATIONS,)
AND AMENDING PRIOR ORDERS OF THE)
BOARD IN CAUSE NO. 156-1 TO GRANT)
UNRESTRICTED SPACING IN CERTAIN)
PORTIONS OF THE MEXICAN HAT AREA,)
SAN JUAN COUNTY, STATE OF UTAH)

ORDER

CAUSE NO. 156-3 ✓

Pursuant to Notice of Hearing dated February 22, 1980, as amended, of the Board of Oil, Gas and Mining, Department of Natural Resources of the State of Utah, this Cause came on for hearing before Cleon B. Feight, acting as hearing examiner for the full Board, commencing at the hour of 9:00 a.m. on April 15, 1980, in the offices of the Division of Oil, Gas and Mining, 1588 West North Temple, Salt Lake City, Utah.

Appearing for the applicant was Anthony L. Rampton of the law firm of Fabian & Clendenin, Salt Lake City, Utah, and Robert Lauth, Certified Registered Geologist. Appearing on behalf of the Division of Oil, Gas and Mining were Denise Dragoo, Special Assistant, Utah Attorney General's Office, and Mike Minder, Petroleum Engineer.

NOW, THEREFORE, having considered the testimony presented to the hearing examiner and the exhibits received at said hearing, and being fully advised in the premises, and all persons appearing before the hearing examiner being in favor of the application, the Board now makes and enters the following:

FINDINGS OF FACT

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

2. The Board has jurisdiction over the matter covered by said Notice and over all parties interested therein and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. The principal producing sand or zone in this area is the Goodridge Sand producing from shallow sand and low pressure.

4. That there has been no systematic development through the Mexican Hat Area.

5. By Order entered in Cause No. 156-1 dated September 25, 1974, the Board established five-acre spacing for drilling wells and not less than two hundred feet from any property or lease line or from the boundary of any legal subdivision comprising a governmental quarter-quarter section or equivalent lot or lots of comparable size and location and not less than 330 feet from any producible oil well, unless otherwise specifically permitted by order of the Board after notice and hearing.

6. That the oil wells producing on tracts in Sections 31 and 32, Township 41 South, and Sections 4, 5, 6, 7 and 8, Township 42 South, Range 19 East, Salt Lake Meridian, San Juan County, State of Utah, are all producing from the Goodridge producing sand.

7. That the Goodridge formation is confined to certain pockets of permeability and ^{porosity} ~~porosity~~ requiring the drilling of holes in an irregular pattern in order to discover and drain all of the recoverable oil and associated hydrocarbons from said formation.

8. That in order to facilitate the location and commercial production of oil in this area, it is necessary to allow for an amendment to the Order in Cause No. 156-1 so as to permit the drilling of wells on unrestricted spacing in the aforesaid sections.

O R D E R

IT IS THEREFORE ORDERED:

A. That an exception is hereby granted to the provisions of Rule C-3, General Rules and Regulations, Division of Oil, Gas

and Mining, so as to permit the drilling of wells on unrestricted spacing to best accommodate the prevention of waste and protection of correlative rights in the development of the field and to maximize ultimate future recovery of oil and associated hydrocarbons insofar as and only insofar as the Goodridge Formation in Sections 31 and 32, Township 41 South, and Sections 4, 5, 6, 7 and 8, Township 42 South, Range 19 East, Salt Lake Meridian, San Juan County, State of Utah, and the Order of this Board in Cause No. 156-1 is hereby amended accordingly.

B. It is further Ordered that no well in said Sections shall be drilled less than 50 feet from any property or lease line or from the boundary of any legal subdivision comprising a governmental quarter-quarters section or equivalent lot or lots of comparable size unless otherwise specifically permitted by order of the Board after notice and hearing.

C. That this Order is a temporary order and the Board, on its own motion or the motion of any interested party, may file an application requesting a hearing to present new evidence covering the matter set forth herein.

D. That the Board retains continuing jurisdiction of all matters covered by this Order and particularly retains continuing jurisdiction to make further orders as appropriate and authorized by statute and applicable regulations.

ENTERED AND EFFECTIVE this 16th day of April, 1980.

BOARD OF OIL, GAS AND MINING OF
THE STATE OF UTAH

Charles R. Henderson

John L. Bell

Thadeus W. Box

C. Ray Juvelin

E. Steele McIntyre

E. Steele McIntyre

Constance K. Lundberg
Edward I. Beck

Constance K. Lundberg

Edward I. Beck

DRILLING LOCATION ASSESSMENT

State of Utah
Division of Oil, Gas and Mining

OPERATOR: SUTHERLAND DRILLING CO. WELL NAME: 7-9
SECTION: 7 TWP: 42S RNG: 19E LOC: 2095 FSL 475 FEL
QTR/QTR NE/SE COUNTY: SAN JUAN FIELD: MEXICAN HAT
SURFACE OWNER: ALLYSON ESTATE
SPACING: 50' F PROPERTY OR LEASE LINE. UNRESTRICTED.
INSPECTOR: BRAD HILL DATE AND TIME: 1/30/90 12:00 PM

PARTICIPANTS: Bill Sutherland-Sutherland Drilling

REGIONAL SETTING/TOPOGRAPHY: The location is on a terrace between Highway 163 and the San Juan River. This area has been used for dumping trash at some time in the past.

LAND USE:

CURRENT SURFACE USE: None

PROPOSED SURFACE DISTURBANCE: The only disturbance will be the construction of an 8'X 8' reserve pit. A drill truck will be able to back up to the site with minimal disturbance.

AFFECTED FLOODPLAINS AND/OR WETLANDS: The location is north of the San Juan River. These operations should not effect the river.

FLORA/FAUNA: Desert Trumpet, Snakeweed, Russian Thistle, Curly grass, Mormon Tea, Saltbush, Prickly Pear, Yucca/Birds, Insects

ENVIRONMENTAL PARAMETERS

SURFACE GEOLOGY

SOIL TYPE AND CHARACTERISTICS: Silty-sand with gravel.

SURFACE FORMATION & CHARACTERISTICS: Quaternary alluvium on Halgaito Shale

EROSION/SEDIMENTATION/STABILITY: No active erosion or sedimentation. Site is stable.

PALEONTOLOGICAL POTENTIAL: None observed.

SUBSURFACE GEOLOGY

OBJECTIVES/DEPTHS: Goodridge Sandstone-200'

ABNORMAL PRESSURES-HIGH AND LOW: None anticipated.

CULTURAL RESOURCES/ARCHAEOLOGY: NA

CONSTRUCTION MATERIALS: None

SITE RECLAMATION: As per landowner instructions.

RESERVE PIT

CHARACTERISTICS: 8'X 8'X 6'

LINING: None needed.

MUD PROGRAM: To be drilled with air.

DRILLING WATER SUPPLY: If water is needed it will be obtained from the Mexican Hat culinary water system.

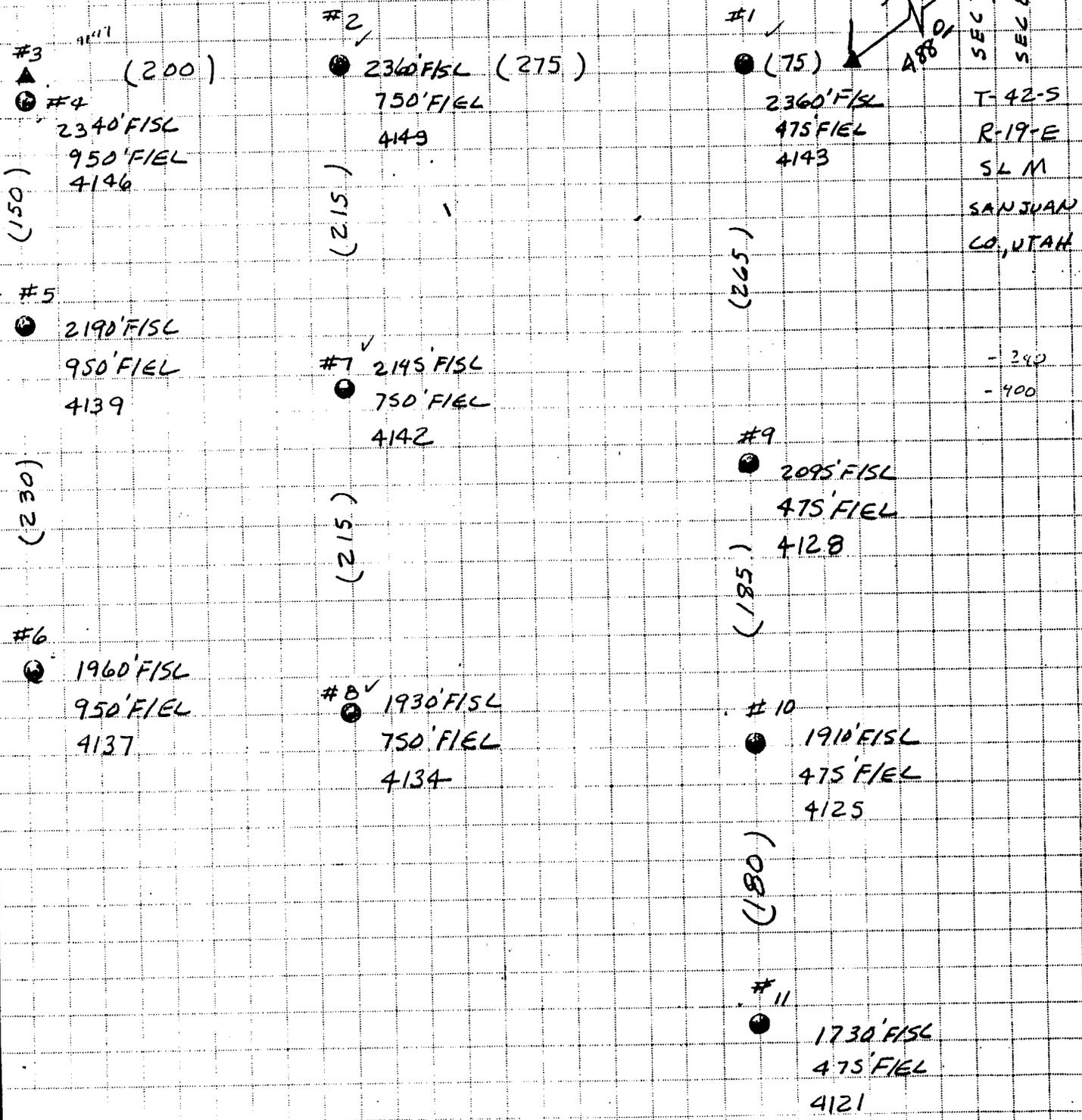
STIPULATIONS FOR APD APPROVAL

None

ATTACHMENTS

Photographs will be placed on file.

SW 1/4 SEC 7 (42-19)



Bruce Brunk

RECEIVED
JUL 12 1989

DIVISION OF
OIL, GAS & MINING

Division of Water Rights
P.O. Box 718
Price, UT 84501

Subject: Authorization for culinary water usage

Gentlemen:

The following Company has requested and received authorization from the undersigned to use culinary water from the township of Mexican Hat, Utah, for the purpose of drilling oil wells.

Water Right No. 09-944

Company:

Amount Allocated: 10,000 Dols

Time Period: Dec. 31, 89

Well Name: Fed 1, 2 & 3

Surveyed Location: Lots 5 & 9 Sec 5 2/2, S 19, E
1568' FSL ~~373~~ 2477 F.W.C.

Very truly yours,

SAN JUAN SPECIAL SERVICE DIST. #1

Luther P. Risenhoover

Luther P. Risenhoover, President

Sutherland Oil Co.

Fed. #3 43-037-31376

Fed. #1 43-037-31374

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

JAN 19 1990

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work
 DRILL DEEPEN PLUG BACK

b. Type of Well
 Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator
 Sutherland Drilling Co

3. Address of Operator
 P.O. Box 356 Mexican Hat UT 84531

4. Location of Well (Report location clearly and in accordance with any State requirements.)
 At surface: 2095 FSL, 475 FEL
 At proposed prod. zone: 140' Goodridge, NESE

14. Distance in miles and direction from nearest town or post office*
 1/2 Mile East

15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drilg. line, if any)
 75'

16. No. of acres in lease
 approx 20

17. No. of acres assigned to this well
 N/A

18. Proposed depth
 Goodridge 200

19. Rotary or cable tool
 Rotary

20. Rotary or cable tool

21. Elevations (Show whether DF, RT, GR, etc.)
 4128' ungraded

22. Approx. date work will start*
 ASAP

5. Lease Designation and Serial No.
~~4-7303~~ FEE

6. If Indian, Alintee or Tribe Name

7. Unit Agreement Name

8. Farm or Lease Name

9. Well No.
 7-9

10. Field and Pool, or Wildcat
 Mexican Hat (410)

11. CO. Sec., T., R., N., or Blk. and Survey or Area
 S/W 1/4 Sec 7 - 425-19E
 56M

12. County or Parrish
 San Juan

13. State
 Utah

PROPOSED CASING AND CEMENTING PROGRAM

Size of Hole	Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
10"	approx 7 7/8 / 1 3/8		40'	approx. 7 Sacs

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. I hereby certify that this report is true and complete to the best of my knowledge.

Signed: Bobbie J. Burm Title: _____ Date: 1-16-90

(This space for Federal or State office use)

API NO. 43-037-31491 Approval Date: _____ APPROVED BY THE STATE

Approved by: _____ Title: _____ OF UTAH DIVISION OF OIL, GAS, AND MINING

Conditions of approval, if any:

DATE: 2-6-90
 BY: John R. Bay
 WELL SPACING: Case No. 156-3

*See Instructions On Reverse Side

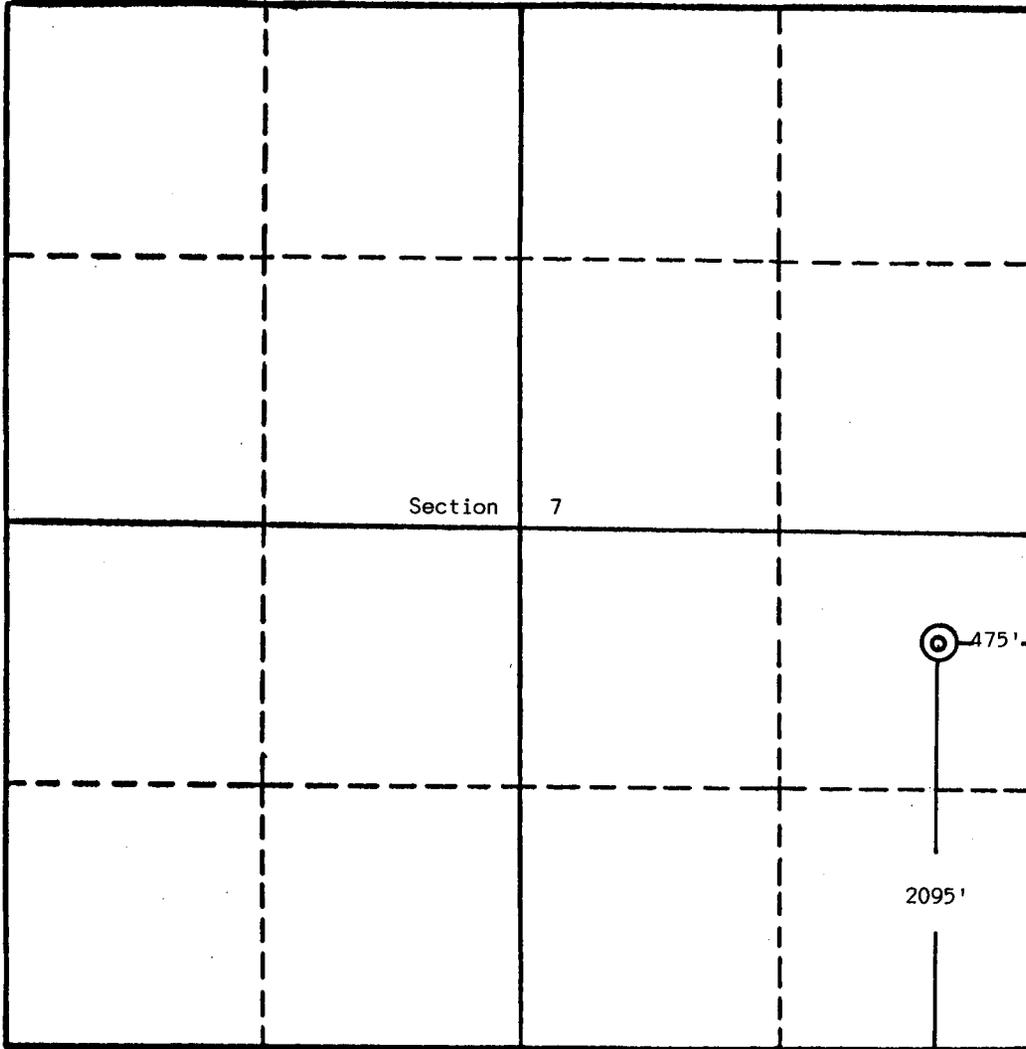
Company Sutherland Oil Company

Well Name & No. No. 9

Location 2095' F/SL 475' F/EL

Sec. 7, T. 42 S., R. 19 E., S. L. M., County San Juan, Utah

Ground Elevation 4128 (Estimated)



Scale, 1 inch = 1,000 feet

Surveyed January 9, 1990

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Seal:



Edgar L. Risenhoover
Edgar L. Risenhoover
Registered Land Surveyor
New Mexico Reg. No. 5979

Non-resident certification as
authorized by Utah State Law
58-22-21(b)

OPERATOR Sutherland Oil Company (N7325) DATE 1-22-90

WELL NAME 7-9

SEC NESE 7 T 42S R 19E COUNTY San Juan

43-037-31491
API NUMBER

Federal FEE
TYPE OF LEASE

CHECK OFF:

PLAT

BOND

NEAREST WELL

LEASE

FIELD (S)

POTASH OR OIL SHALE

PROCESSING COMMENTS:

Nearest well ok under Cause No. 156-3
Water Permit 09-944 (Culinary Water)
Bond received 2-2-90
Presite 2-2-90

APPROVAL LETTER:

SPACING: R615-2-3 N/A R615-3-2
UNIT

156-3 4-15-80 R615-3-3
CAUSE NO. & DATE

STIPULATIONS:

1. Fee Stipulation

DIVISION OF OIL, GAS AND MINING

API NO. 43-037-31491

SPUDDING INFORMATION

NAME OF COMPANY: SUTHERLAND OIL COMPANY

WELL NAME: #7-9

SECTION NESE 7 TOWNSHIP 42S RANGE 19E COUNTY SAN JUAN

DRILLING CONTRACTOR SUTHERLAND

RIG # 5

SPUDDED: DATE 2/3/90

TIME 3:00 p.m.

HOW ROTARY

DRILLING WILL COMMENCE _____

REPORTED BY GLENN GOODWIN

TELEPHONE # 587-2610

DATE 2/9/90 SIGNED TAS TAKEN BY: JLT



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

*Drilling
spud - 2/3/90
3:11 PM*

February 6, 1990

Sutherland Oil Company
P. O. Box 356
Mexican Hat, Utah 84531

Gentlemen:

Re: #7-9 - NE SE Sec. 7, T. 42S, R. 19E - San Juan County, Utah
2095' FSL, 475' FEL

Approval to drill the referenced well is hereby granted in accordance with the Order of Cause No. 156-3 dated April 15, 1980, subject to the following stipulation:

Sutherland Oil Company, as designated operator, is the bonded principal in reference to this Application for Permit to Drill. Should this designation change or a transfer of ownership occur, liability will remain with the designated operator until the Division is notified by letter of a new bonded principal.

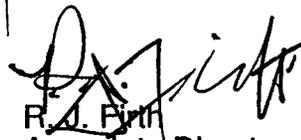
In addition, the following actions are necessary to fully comply with this approval:

1. Spudding notification within 24 hours after drilling operations commence.
2. Submittal of an Entity Action Form within five working days following spudding and whenever a change in operations or interests necessitates an entity status change.
3. Submittal of the Report of Water Encountered During Drilling, Form 7.
4. Prompt notification if it is necessary to plug and abandon the well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) 298-7695, or Jim Thompson, Lead Inspector, (Home) 298-9318.
5. Compliance with the requirements of Rule R615-3-20, Gas Flaring or Venting, Oil and Gas Conservation General Rules.

6. Prior to commencement of the proposed drilling operations, plans for facilities for disposal of sanitary wastes at the drill site shall be submitted to the local health department. These drilling operations and any subsequent well operations must be conducted in accordance with applicable state and local health department regulations. A list of local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 538-6121.
7. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-037-31491.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

lcr
Enclosures
cc: Bureau of Land Management
D. R. Nielson
J. L. Thompson
WE14/17-18



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

February 6, 1990

Sutherland Oil Company
P. O. Box 356
Mexican Hat, Utah 84531

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Page 2
Sutherland Oil Company
#7-9
February 6, 1990

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Sincerely,



R. J. Firth
Associate Director, Oil & Gas

lcr
Enclosures
cc: Bureau of Land Management
D. R. Nielson
J. L. Thompson
WE14/17-18



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangertter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

February 12, 1993

Sutherland Oil Company
P.O. Box 158
Mexican Hat, Utah 84531

Gentlemen:

Re: Well Completion Report - #7-9 Well, Sec. 7, T. 42S, R. 19E, San Juan County, Utah, API No. 43-037-31491

Utah Admin. R649-3-21, the Utah Oil and Gas Conservation General Rules, requires that within 30 days after the completion of any well drilled or redrilled for the production of oil or gas, Well Completion or Recompletion Report and Log, Form 8, and copies of the electric and radioactivity logs, if run, shall be filed with the division. Utah Admin. R649-8-9 adds that Form 8 and accompanying logs shall be submitted within 30 days after recompleting a well or plugging a newly drilled well.

Our records indicate that the Well Completion Report for the referenced well has not been received. Enclosed is a copy of Form 8 for your use in promptly submitting this report. If you have questions regarding the completion of the form, please feel free to call Debra Eatchel at the above number.

Sincerely,

Don Staley
Administrative Manager
Oil and Gas

ldc
Enclosure
cc: R.J. Firth
D.M. Eatchel
Well file

WO11

OPERATOR Sutherland oil Co
 ADDRESS Box 356
Mexican Hat UT 84531

OPERATOR ACCT. NO. N-7325

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	API NUMBER	WELL NAME	WELL LOCATION					SPUD DATE	EFFECTIVE DATE
					QQ	SC	TP	RG	COUNTY		
<u>A</u>	<u>N/A</u>	<u>11059</u>	<u>43037-31491</u>	<u>Sutherland 7-9</u>	<u>N&E</u>	<u>7</u>	<u>42S</u>	<u>19E</u>	<u>San Juan</u>	<u>2-3-90</u>	<u>ASAP</u>
WELL 1 COMMENTS: <u>This is a new well on a Newly Obtained Lease</u>											
WELL 2 COMMENTS: <u>Fee-Lease Proposed Goodridge Sandstone</u> <u>Field-Mexican Hat (New Lease/Fee, Entity 11059 added 2-20-90) for</u> <u>Unit - N/A</u>											
WELL 3 COMMENTS: <div style="text-align: right;">RECEIVED FEB 15 1990 DIVISION OF OIL, GAS & MINING</div>											
WELL 4 COMMENTS:											
WELL 5 COMMENTS:											

- ACTION CODES** (See instructions on back of form)
- A - Establish new entity for new well (single well only)
 - B - Add new well to existing entity (group or unit well)
 - C - Re-assign well from one existing entity to another existing entity
 - D - Re-assign well from one existing entity to a new entity
 - E - Other (explain in comments section)

NOTE: Use COMMENT section to explain why each Action Code was selected.

Babbie J. Dunn
 Signature
 Title
 Date 2-10-90
 Phone No. (801) 683-2201



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

August 30, 1993

CERTIFIED RETURN RECEIPT REQUESTED
P 074 975 313

Sutherland Oil Company
P.O. Box 158
Mexican Hat, Utah 84531

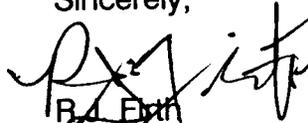
Re: Sutherland #7-9 Well, Section 7, Township 42 South, Range 19 East, San Juan County, Utah

Gentlemen:

By letter dated February 12, 1993, the Division of Oil, Gas and Mining ("Division") advised Sutherland Oil Company ("Sutherland") of its non-compliance regarding the filing of a Well Completion Report for the referenced well. A recent records review indicates that Sutherland has failed to furnish the Division the required Well Completion Report.

Enclosed is a copy of Form 8, Well Completion or Recompletion Report and Log, for your use in promptly filing this report. The Division should receive this report within 5 working days of Sutherland's receipt of this letter. In the event Sutherland fails to comply with this request, the Division will immediately recommend to the Board of Oil, Gas and Mining ("Board") that Sutherland be issued an Order to Show Cause and be required to appear before the Board at its next regularly scheduled hearing.

Sincerely,


R. J. Erth
Associate Director

ldc

Enclosure

cc: Don T. Staley
Debra M. Eatchel
Well file

WOI125



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

September 9, 1993

CERTIFIED RETURN RECEIPT REQUESTED
P 074 975 069

Sutherland Oil Company
~~P.O. Box 158~~
~~Mexican Hat, Utah 84531~~

*P.O. Box 4464
Pagosa Springs, CO. 81157-4464*

Re: Sutherland #7-9 Well, Section 7, Township 42 South, Range 19 East, San Juan County, Utah

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Sincerely,

R.J. Firth
Associate Director

ldc

Enclosure

cc: Don T. Staley
Debra M. Eatchel
Well file

WOI125