

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

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IN THE MATTER OF THE ORDER TO :
SHOW CAUSE AS TO WHY THE BOARD'S
ORDER IN CAUSE NO. 7-11A ESTAB- :
LISHING 160-ACRE DRILLING AND
SPACING UNITS SHOULD NOT BE :
MODIFIED TO INCLUDE ADDITIONAL
LANDS IN THE FERRON AREA, EMERY :
COUNTY, UTAH

MEMORANDUM IN SUPPORT OF
THE BOARD ORDER TO SHOW
CAUSE

DOCKET NO. 84-037
CAUSE NO. 7-13

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The staff of the Division of Oil, Gas and Mining herewith submits its Memorandum of Support in the matter of the Order to Show Cause as to why the Board's order in Cause No. 7-11A, which established 160-acre drilling and spacing units, should not be modified to include additional lands in the Ferron area, Emery County, Utah.

STATEMENT OF FACT

1. The Board of Oil, Gas and Mining has jurisdiction over the conservation, development and production of oil, gas and associated hydrocarbons pursuant to Utah Code Annotated 40-6-1 (reenacted 1983), therefore, the Board has jurisdiction over the matter covered by the Order to Show Cause and over all parties interested therein, and has jurisdiction to make and promulgate an appropriate Order in the matter.
2. The Board's Order in Cause No. 7 entered in December 13, 1957, established 320-acre drilling and spacing units for the Ferron sandstone member of the Mancos formation underlying certain lands in Township 20 and 21 South, Range 7 and 8 East, Emery County, Utah as follows:

Township 20 South, Range 7 East, S.L.M.

Section 1: S1/2
Section 2: S1/2
Section 3: S1/2
Section 10: A11
Section 11: A11
Section 12: A11
Section 13: A11
Section 14: A11
Section 15: A11
Section 16: A11
Section 17: E1/2
Section 20: E1/2
Section 21: A11
Section 22: A11

Section 23: All
Section 24: WL/2
Section 26: All
Section 27: All
Section 28: All
Section 29: EL/2
Section 32: EL/2
Section 33: All
Section 34: All
Section 35: WL/2

Township 21 South, Range 7 East, S.L.M.

Section 3: All
Section 4: All
Section 5: All
Section 7: EL/2
Section 8: All
Section 9: All
Section 10: All
Section 16: All
Section 17: All
Section 18: EL/2

3. The Board's Order in Cause No. 7-11A, dated August 26, 1983, vacated the order in Cause No. 7 with respect to the following lands:

Township 21 South, Range 7 East, S.L.M

Section 3: All
Section 4: All
Section 5: All
Section 7: EL/2
Section 8: All
Section 9: All
Section 10: All
Section 16: All
Section 17: All
Section 18: EL/2

4. The above described lands were spaced on the basis of 160 acres, each unit comprising a quarter section of each surveyed governmental section, for the drilling of gas wells in the Ferron sandstone of the Mancos formation with provisions that no well be located closer than 660 feet from the boundry of the drilling and spacing unit, provided, however, that exception locations be permitted by administrative approval for topographic considerations upon application of the operator.
5. Further, the Board's order in Cause No. 7-11A provided that all existing wells located within any newly established 160-acre drilling and spacing unit would constitute the permitted well for such unit during the life of the well, and existing Declarations of Pooling for

such producing wells based upon the former 320-acre spacing would not be disturbed by the action of the Board in vacating the order in Cause No 7, nor by the establishment of new 160-acre drilling and spacing units.

6. The Board's Order in Cause No. 7-12, dated April 26, 1984, amended the Order in Cause No. 7-11A, which provided for 160-acre drilling and spacing units, to include the N/2, Section 2, Township 20 South, Range 7 East, SLM.
7. Gas production from the Ferron sandstone in the spaced areas of Cause No. 7, 7-11A and 7-12 comes from shallow low pressure wells which produce from small, discontinuous lenticular sands of the Ferron stratigraphic pool in this area.
8. Information obtained from drilling, testing and production operations in the area and from the geological and engineering data developed, indicate that the proper drilling and spacing unit for the Ferron stratigraphic pool should be 160 acres.

CONCLUSIONS

1. In order to promote the efficient and orderly development and recovery of available gas reserves, to prevent waste of resource and to protect correlative rights, the order in Cause No. 7-11A, which established 160-acre drilling and spacing units should be modified to include the following additional lands:

Township 20 South, Range 7 East, SLM

Section 1: S1/2
Section 2: S1/2
Section 3: S1/2
Section 10: A11
Section 11: A11
Section 12: A11
Section 13: A11
Section 14: A11
Section 15: A11
Section 16: A11
Section 17: E1/2
Section 20: E1/2
Section 21: A11
Section 22: A11
Section 23: A11
Section 24: W1/2
Section 26: A11
Section 27: A11
Section 28: A11
Section 29: E1/2
Section 32: E1/2
Section 33: A11
Section 34: A11
Section 35: W1/2

2. Therefore, the staff of the Division of Oil, Gas and Mining submits that an appropriate demonstration has been made of the need for 160-acre drilling and spacing units for the pool underlying the above described lands and that the Board has sufficient information available to promulgate an appropriate Order in this matter.

DATED this 10th day of May, 1984

Respectively submitted,



Ronald J. Firth
Associate Director, Oil and Gas
Division of Oil, Gas and Mining

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

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IN THE MATTER OF THE ORDER TO	:	ORDER
SHOW CAUSE AS TO WHY THE BOARD'S	:	
ORDER IN CAUSE NO. 7-11A	:	DOCKET NO. 84-037
ESTABLISHING 160-ACRE DRILLING	:	CAUSE NO. 7-13
AND SPACING UNITS SHOULD NOT	:	
BE MODIFIED TO INCLUDE ADDITIONAL	:	
LANDS IN THE FERRON AREA, EMERY	:	
COUNTY, UTAH	:	

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Pursuant to the Board's Order to Show Cause, this matter came on for consideration by the Board of Oil, Gas and Mining on Thursday, June 28, 1984, in the Auditorium of the Department of Natural Resources, 1636 West North Temple, Salt Lake City, Utah.

The following Board members were present and participated at the hearing:

Gregory P. Williams, Chairman
James W. Carter
John M. Garr
Charles R. Henderson
Richard B. Larson
Constance K. Lundberg
E. Steele McIntyre

Also present and participating in the hearing were:

Dr. Dianne R. Nielson, Director
Ronald J. Firth, Associate Director, Oil & Gas
John R. Baza, Petroleum Engineer
Marjorie L. Larson, Secretary of the Board
Barbara W. Roberts, Esq., Assistant Attorney General
Ray Kern, Chief, Petroleum Section UGMS

A Memorandum In Support of the Board's Order to Show Cause was received from the Division Staff and reviewed by the Board. In addition, a letter of support from Mountain Resource Corporation, dated March 18, 1984, was received into the record.

FINDINGS OF FACT

The Board, having considered the testimony and evidence adduced, 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 the Order to Show Cause and over all parties interested therein, and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. The Board's Order in Cause No. 7 entered in December 13, 1957, established 320-acre drilling and spacing units for the Ferron Sandstone member of the Mancos Formation underlying certain lands in Township 20 and 21 South, Range 7 and 8 East, Emery County, Utah as follows:

Township 20 South, Range 7 East, S.L.M.

Section 1:	S1/2
Section 2:	S1/2
Section 3:	S1/2
Section 10:	All
Section 11:	All
Section 12:	All
Section 13:	All
Section 14:	All
Section 15:	All
Section 16:	All
Section 17:	E1/2
Section 20:	E1/2
Section 21:	All
Section 22:	All
Section 23:	All
Section 24:	W1/2
Section 26:	All
Section 27:	All
Section 28:	All
Section 29:	E1/2
Section 32:	E1/2
Section 33:	All
Section 34:	All
Section 35:	W1/2

Township 21 South, Range 7 East, S.L.M.

Section 3:	All
Section 4:	All
Section 5:	All
Section 7:	E1/2
Section 8:	All
Section 9:	All
Section 10:	All
Section 16:	All
Section 17:	All
Section 18:	E1/2

4. The Board's Order in Cause No. 7-11A, dated August 26, 1983, vacated the Order in Cause No. 7 with respect to the following lands:

Township 21 South, Range 7 East, S.L.M.

Section 3:	All
Section 4:	All
Section 5:	All
Section 7:	E1/2
Section 8:	All
Section 9:	All
Section 10:	All
Section 16:	All
Section 17:	All
Section 18:	E1/2

5. The above described lands were spaced on the basis of 160-acres, each unit comprising a quarter section of each surveyed governmental section, for the drilling of gas wells in the Ferron Sandstone of the Mancos Formation with provisions that no well be located closer than 660 feet from the boundry of the drilling and spacing unit, provided, however, that exception locations be permitted by administrative approval for topographic considerations upon application of the operator.

6. Further, the Board's Order in Cause No. 7-11A provided that all existing wells located within any newly established 160-acre drilling and spacing unit would constitute the permitted well for such unit during the life of the well, and existing Declarations of Pooling for such producing wells based upon the former 320-acre spacing would not be disturbed by the action of the Board in vacating the order in Cause No. 7, nor by the establishment of the new 160-acre drilling and spacing units.

7. The Board's Order in Cause No. 7-12, dated April 26, 1984, amended the Order in Cause No. 7-11A, which provided for 160-acre drilling and spacing units, to include the N/2, Section 2, Township 20 South, Range 7 East, S.L.M.

8. Gas production from the Ferron Sandstone in the spaced areas of Cause No. 7, 7-11A, and 7-12, comes from shallow low pressure wells which produce from small, discontinuous lenticular sands of the Ferron stratigraphic pool in this area.

9. Information obtained from drilling, testing and production operations in the area and from the geological and engineering data developed, indicate that the proper drilling and spacing unit for the Ferron stratigraphic pool should be 160-acres.

ORDER

NOW, THEREFORE, the Board, in accordance with the testimony and evidence received at the hearing, and in conformity with the

Findings of Fact, and being fully advised in the premises, now makes and enters the following Order:

1. The Order is Cause No. 7-11A, dated August 26, 1983, which established 160-acre drilling and spacing units for the Ferron Sandstone, is hereby modified with respect to the following lands:

Township 20 South, Range 7 East, S.L.M.

Section 1:	S1/2
Section 2:	S1/2
Section 3:	S1/2
Section 10:	All
Section 11:	All
Section 12:	All
Section 13:	All
Section 14:	All
Section 15:	All
Section 16:	All
Section 17:	E1/2
Section 20:	E1/2
Section 21:	All
Section 22:	All
Section 23:	All
Section 24:	W1/2
Section 26:	All
Section 27:	All
Section 28:	All
Section 29:	E1/2
Section 32:	E1/2
Section 33:	All
Section 34:	All
Section 35:	W1/2

2. The lands listed above are hereby spaced on the basis of 160-acres, each unit to comprise a quarter section of each surveyed governmental section, for the drilling of gas wells in the Ferron Sandstone member of the Mancos Formation.

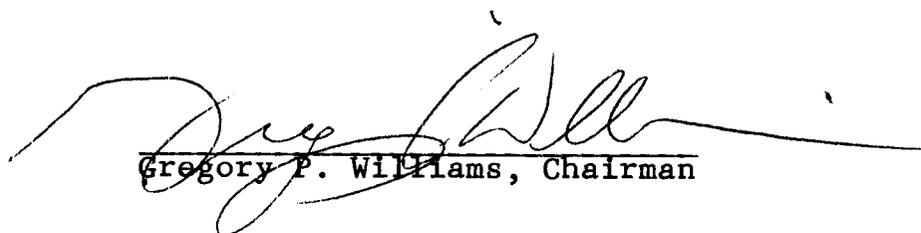
3. No wells shall be located closer than 660 feet from the boundary of the drilling and spacing unit, provided, however, that exception locations may be permitted by administrative approval for topographic considerations upon application of the operator.

4. All existing producing wells located within any newly established 160-acre drilling and spacing unit shall constitute the permitted well for such unit during the life of the well, and existing Declarations of Pooling for such producing wells based upon the former 320-acre drilling and spacing units established by the Order in Cause No. 7, shall not be disturbed by the action of this Board in modifying the Order in Cause No. 7-11A.

5. The Board retains continuing jurisdiction with respect to the parties and all matters covered by this Order.

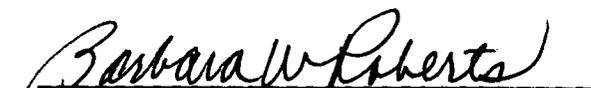
DATED this 27th day of July, 1983

STATE OF UTAH
BOARD OF OIL, GAS AND MINING



Gregory P. Williams, Chairman

APPROVED AS TO FORM:



Barbara W. Roberts
Assistant Attorney General