

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)
CHAMPLIN PETROLEUM COMPANY FOR AN)
ORDER ESTABLISHING 80-ACRE DRILLING)
AND SPACING UNITS FOR THE PINEVIEW)
FIELD INCIDENT TO THE PRODUCTION OF)
OIL AND ASSOCIATED HYDROCARBONS)
FROM THE NUGGET FORMATION (TWIN)
CREEK ON MOTION OF BOARD) IN LANDS)
LOCATED IN TOWNSHIPS 2 AND 3 NORTH,)
RANGE 7 EAST, SLBM, SUMMIT COUNTY,)
UTAH.)

CAUSE NO. 160-6

O R D E R

This cause came on regularly before the Board and was heard, pursuant to due and proper Application and Notice of Hearing, on the 28th day of July, 1976, and thereafter until concluded on the 29th day of July, 1976, in the Executive Conference Room - Holiday Inn, 1659 West North Temple, Salt Lake City, Utah. The following named Board members (constituting a quorum of the Board) were present and in accordance with Law participated in the hearing upon all matters and the decision resulting in this Order:

Mr. Guy N. Cardon, Chairman, Presiding

Mr. Charles R. Henderson

Mr. Hyrum L. Lee

Also present and participating:

Cleon B. Feight, Director and Secretary of the Board

Patrick L. Driscoll, Chief Petroleum Engineer

Appearances of Counsel were made as follows:

D. Thomas Kidd, Casper, Wyoming and

R.N. Weatherbee, Salt Lake City, Utah

Attorneys representing Champlin Petroleum Company,
the "Applicant" herein;

Sheridan L. McGarry, Salt Lake City, Utah,

Attorney representing American Quasar Petroleum

Company of New Mexico, a "Protestant" herein;

(etc.)

NOW, THEREFORE, the Board having fully considered the testimony of all witnesses, statements of others and all exhibits introduced and received in the course of said hearing and in all respects being fully advised in the premises, makes and enters conclusions of law and findings of fact and enters its ~~permanent~~^s order as follows:

CONCLUSIONS OF LAW

1. That the Board has jurisdiction over all matters covered by the Application, the Notice of Hearing and over the subject lands and mineral estates therein, and all parties interested in said subject lands as their respective interests appear. Further, the Board has the authority to make and enter the Order hereinafter set forth.

2. That the Application of Champlin Petroleum Company respecting the Nugget Formation, duly executed, dated as of June 30, 1976, and subsequently presented for hearing, is in the form as provided by the applicable statutes and the rules and regulations governing proceedings before the Board.

3. That the Motion of the Board respecting the Twin Creek Formation was duly made pursuant to notice of hearing and at an appropriate time in the course of the hearing all as required and provided for by the applicable statutes and the rules and regulations governing proceedings before the Board.

4. That due, proper and regular notice of the time, place and purpose of the hearing (and any continuance thereof) 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.

5. That it is necessary in order to prevent the types of waste contemplated by the Statutes of the State of Utah to require, and establish by order, that drilling and spacing units for development of the subject lands shall be comprised of 80

acres and, further, requiring and establishing that said drilling and spacing units should consist of the N-1/2 and S-1/2 of each quarter section and that the permitted well for each such drilling and spacing unit shall be located in the center of the NW-1/4 and the center of the SE-1/4 of each quarter section with the tolerance of 200 feet in any direction when surface topography makes it necessary.

6. That it is necessary, in order to afford each owner of an interest in production from the subject lands an opportunity to protect his respective correlative right to produce the share of recoverable hydrocarbons initially in place under his respective tract to establish by order that drilling and spacing units should consist of the N-1/2 and S-1/2 of each quarter section and that the permitted well for each such drilling and spacing unit shall be located in the center of the NW-1/4 and the center of the SE-1/4 of each quarter section with the tolerance of 200 feet in any direction when surface topography makes it necessary.

7. That 80 acre drilling and spacing units consisting of the N-1/2 and S-1/2 of each quarter section (or, based upon administrative approval for geologic reasons and/or topographical reasons, and with the approval of all offset operators, the E-1/2 and W-1/2 of each quarter section) are units of uniform size and shape.

8. That the Nugget Formation and the Twin Creek Formation each, respectively, consistute a "pool".

9. That one well producing oil and associated hydrocarbons from either the Nugget Formation or the Twin Creek Formation or both, underlying the subject lands will drain the recoverable oil and associated hydrocarbons from each formation underlying 80 surface acres (in units as above defined) and 80 surface acres is not smaller, nor greater, than the maximum area that can be efficiently and economically drained by one well.

10. That it is necessary in order to promote and effect orderly development of the field that the staff of the Board

may, for geological reasons and/or topographical reasons, and with the approval of all offset operators, grant by administrative approval authority for drilling units to be located in the E-1/2 and W-1/2 of each quarter section with the permitted well location to be as herein otherwise provided.

11. That in any quarter section where a well has been completed prior to the effective date of this order, and where there is either a difference in royalty ownership or overriding royalty ownership within the quarter section, the owners of the interest shall share in production from the existing well and any subsequent well completed in the quarter section as their respective interests appear. Otherwise, the provisions of this Order shall prevail.

FINDINGS OF FACT

1. That drilling and spacing units for development of the subject lands should be comprised of 80 acres and that the drilling and spacing units should consist of the N-1/2 and S-1/2 of each quarter section and the permitted well location for each such drilling and spacing unit located in the center of the NW-1/4 and the center of the SE-1/4 of each quarter section with the tolerance of 200 feet in any direction when surface topography makes it necessary. That such drilling and spacing units will prevent the types of waste contemplated by the Statutes of the State of Utah.

2. In order to afford each owner of an interest in production from the subject lands an opportunity to protect his respective correlative right to produce the share of recoverable hydrocarbons initially in place under his respective tract, drilling and spacing units should consist of the N-1/2 and S-1/2 of each quarter section and the permitted well location for each such drilling and spacing unit shall be located in the center of the NW-1/4 and the center of the SE-1/4 of each quarter section with the tolerance of 200 feet in any direction when surface topography makes it necessary.

3. That the American Quasar Petroleum Company Newton Sheep Company No. 1 well, located 1,780 feet from the South line and 1,220 feet from the East line of the NE-1/4 of the SE-1/4 of Section 4, Township 2 North, Range 7 East, SLM, Summit County, Utah, shall be an exception location to the permitted well location prescribed in this Order.

4. That one well producing oil and associated hydrocarbons from either the Nugget Formation or the Twin Creek Formation, or both, underlying the subject lands will drain the recoverable oil and associated hydrocarbons from each formation underlying 80 surface acres (in units as above defined) and 80 surface acres is not smaller, nor greater, than the maximum area that can be efficiently and economically drained by one well.

5. That the Nugget Formation underlies the subject lands and that said formation constitutes a "pool". That the Nugget Formation for all purposes herein is defined as that interval or stratigraphic equivalent of 9,818 feet down to and including 11,070 feet as shown on the Dual Induction-Log of the Newton Sheep Company Well No. 1 located in the NE-1/4 of the SE-1/4 of Section 4, Township 2 North, Range 7 East, SLM, Summit County, Utah.

6. That the Twin Creek Formation underlies the subject lands and that said formation constitutes a "pool". That the Twin Creek Formation for all purposes herein is defined as that interval or stratigraphic equivalent of 8,049 feet down to and including 9,284 feet as shown on the Compensated Neutron Formation Density Log of the UPRR No. 3-3 Well, dated May 24, 1976, located in the NW-1/4 of the SE-1/4 of Section 3, Township 2 North, Range 7 East, SLM, Summit County, Utah.

7. That one well producing oil and associated hydrocarbons from the Nugget Formation or the Twin Creek Formation, or both, underlying the subject lands will drain the recoverable oil and associated hydrocarbons from each formation underlying 80 surface acres (in units as above defined) and 80 surface acres is not smaller,

nor greater, than the maximum area that can be efficiently and economically drained by one well.

8. That 80 acre drilling and spacing units best accommodate, for the purposes of prevention of waste and protection of correlative rights, the existing development in the field, future development of the field, and has the effect of maximizing ultimate future recovery of oil and associated hydrocarbons.

9. That the temporary drilling and spacing Order first entered by this Board in Cause 160-1 on March 19, 1975 and extended by this Board in Cause 160-4 on March 24, 1976, should be and is hereby vacated. That this Order replaces all pre-existing Orders relating to drilling and spacing units as to the subject lands.

10. That this Order should be and is hereby a ^{temporary} ~~permanent~~ Order.

11. That the flaring of gas incident to production of oil and associated hydrocarbons shall not be permitted and drilling and production operations conducted pursuant to authorizations contained in this Order shall be conducted in such a manner as to provide for maximum recovery, and capacities of gas plants as available from time to time in the course of development of the field shall not, by operators in the field, be exceeded.

12. That water unavoidably produced with oil, or otherwise developed and brought to the surface by operations authorized herein, shall be disposed of by operators in all respects in accordance with requirements of Utah Law.

13. That commingling of oil and gas produced from the Nugget and Twin Creek Formations, is hereby forbidden without further order of the Board; that separate production facilities shall be maintained for oil produced from each formation through volume measurements, whether they be metered volume or volume measurements; and that gas volumes produced from each formation shall be metered prior to combining gas for processing.

THAT pursuant to the foregoing "Conclusions of Law" and "Findings of Fact", the Board hereby makes the following

ORDER

1. That drilling and spacing units for development of the subject lands shall be comprised of 80 acres and that the drilling and spacing units shall consist of the N-1/2 and S-1/2 of each quarter section and the permitted well location for each such drilling and spacing unit shall be located in the center of the NW-1/4 and the center of the SE-1/4 of each quarter section with the tolerance of 200 feet in any direction when surface topography makes it necessary. That such drilling and spacing units will prevent the types of waste contemplated by the Statutes of the State of Utah.

2. In order to afford each owner of an interest in production from the subject lands an opportunity to protect his respective correlative right to produce the share of recoverable hydrocarbons initially in place under his respective tract, drilling and spacing units should consist of the N-1/2 and S-1/2 of each quarter section and the permitted well location for each such drilling and spacing unit shall be located in the center of the NW-1/4 and the center of the SE-1/4 of each quarter section with the tolerance of 200 feet in any direction when surface topography makes it necessary.

3. That the American Quasar Petroleum Company Newton Sheep Company No. 1 Well, located 1,780 feet from the South line and 1,220 feet from the East line of the NE-1/4 of the SE-1/4 of Section 4, Township 2 North, Range 7 East, SLM, Summit County, Utah, shall be an exception location to the permitted well location prescribed in this Order.

4. That one well producing oil and associated hydrocarbons from either the Nugget Formation or the Twin Creek Formation, or both, underlying the subject lands will drain the recoverable oil and associated hydrocarbons from each formation, underlying 80 surface

acres (in units as above defined) and 80 surface acres is not smaller, nor greater, than the maximum area that can be efficiently and economically drained by one well.

5. That the Nugget Formation underlies the subject lands and that said formation constitutes a "pool". That the Nugget Formation for all purposes herein is defined as that interval or stratigraphic equivalent of 9,818 feet down to and including 11,070 feet as shown on the Dual Induction-Log of the Newton Sheep Company Well No. 1 located in the NE-1/4 of the SE-1/4 of Section 4, Township 2 North, Range 7 East, SLM, Summit County, Utah.

6. That the Twin Creek Formation underlies the subject lands and that said formation constitutes a "pool". That the Twin Creek Formation for all purposes herein is defined as that interval or stratigraphic equivalent of 8,049 feet down to and including 9,284 feet as shown on the Compensated Neutron Formation Density Log of the UPRR No. 3-3 Well, dated May 24, 1976, located in the NW-1/4 of the SE-1/4 of Section 3, Township 2 North, Range 7 East, SLM, Summit County, Utah.

7. That one well producing oil and associated hydrocarbons from the Nugget Formation or the Twin Creek Formation, or both, underlying the subject lands will drain the recoverable oil and associated hydrocarbons ^{from each formation.} underlying 80 surface acres (in units as above defined) and 80 surface acres is not smaller, nor greater, than the maximum area that can be efficiently and economically drained by one well.

8. That 80 acre drilling and spacing units best accommodate for purposes of prevention of waste and protection of correlative rights the existing development in the field, future development of the field, and has the effect of maximizing ultimate future recovery of oil and associated hydrocarbons.

9. That the temporary drilling and spacing Order first entered by this Board in Cause 160-1 on March 19, 1975 and extended by this Board in Cause 160-4 on March 24, 1976, should

be and is hereby vacated. That this Order replaces all pre-existing Orders relating to drilling and spacing units as to the subject lands.

10. That this Order should be and is hereby a ^{temporary} ~~permanent~~ Order.

11. That flaring of gas incident to production of oil and associated hydrocarbons shall not be permitted, and drilling and production operations conducted pursuant to authorizations contained in this Order shall be conducted in such a manner as to provide for maximum recovery, and capacities of gas plants as available from time to time in the course of development of the field shall not, by operators in the field, be exceeded.

12. That water unavoidably produced with oil, or otherwise developed and brought to the surface by operations authorized herein, shall be disposed of by operators in all respects in accordance with requirements of Utah Law.

13. That commingling of oil and gas produced from the Nugget and Twin Creek Formations, is hereby forbidden without further order of the Board; that separate production facilities shall be maintained for oil produced from each formation through measurements; and that gas volumes produced from each formation shall be metered prior to combining gas for processing.

14. That it may be necessary, in order to promote and effect orderly development of the field, that the staff of the Board may, for geological reasons and/or topographical reasons, and with the approval of all offset operators, by administrative approval grant authority for drilling units to be located in the E-1/2 and W-1/2 of each quarter section with the permitted well location to be as herein otherwise provided. Such administrative approval for geological reasons and/or topographical reasons based upon full disclosure of all relevant geological and geophysical facts to the staff and other operators is hereby expressly authorized.

IT IS FURTHER ORDERED:

That the Board retains continuing jurisdiction over all matters covered by this Order and over all parties affected thereby and particularly the Board retains and reserves continuing jurisdiction to make further Orders as it may deem appropriate and as authorized by statute and applicable regulations.

ENTERED THIS 28th day of July, 1976.

BOARD OF OIL, GAS AND MINING

Guy N. Cardon
Guy N. Cardon, Chairman

Charles R. Henderson
Charles R. Henderson

Robert R. Norman
Robert R. Norman

Hyrum L. Lee
Hyrum L. Lee

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ORDER

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This cause came on regularly before the Board and was heard, pursuant to due and proper Application and Notice of Hearing, on the 28th day of July, 1976, and thereafter until concluded on the 29th day of July, 1976, in the Executive Conference Room - Holiday Inn, 1659 West North Temple, Salt Lake City, Utah. The following named Board members (constituting a quorum of the Board) were present and in accordance with Law participated in the hearing upon all matters and the decision resulting in this Order:

Mr. Guy N. Cardon, Chairman, Presiding

Mr. Charles R. Henderson

Mr. Hyrum L. Lee

Also present and participating:

Cleon B. Feight, Director and Secretary of the Board.

Patrick K. Driscoll, Chief Petroleum Engineer

Appearances of Counsel were made as follows:

D. Thomas Kidd, Casper, Wyoming and

R. N. Weatherbee, Salt Lake City, Utah

Attorneys representing Champlin Petroleum Company,
the "Applicant" herein;

Sheridan L. McGarry, Salt Lake City, Utah,

Attorney representing American Quasar Petroleum
Company of New Mexico, a "Protestant" herein;

(etc.)

NOW, THEREFORE, the Board having fully considered the testimony of all witnesses, statements of others and all exhibits introduced and received in the course of said hearing and in all respects being fully advised in the premises, makes and enters conclusions of law and findings of fact and enters its permanent order as follows:

CONCLUSIONS OF LAW

1. That the Board has jurisdiction over all matters covered by the Application, the Notice of Hearing and over the subject lands and mineral estates therein, and all parties interested in said subject lands as their respective interests appear. Further, the Board has the authority to make and enter the Order hereinafter set forth.

2. That the Application of Champlin Petroleum Company respecting the Nugget Formation, duly executed, dated as of June 30, 1976, and subsequently presented for hearing, is in the form as provided by the applicable statutes and the rules and regulations governing proceedings before the Board.

3. That the Motion of the Board respecting the Twin Creek Formation was duly made pursuant to notice of hearing and at an appropriate time in the course of the hearing all as required and provided for by the applicable statutes and the rules and regulations governing proceedings before the Board.

4. That due, proper and regular notice of the time, place and purpose of the hearing (and any continuance thereof) 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.

5. That it is necessary in order to prevent the types of waste contemplated by the Statutes of the State of Utah to require, and establish by order, that drilling and spacing units for development of the subject lands shall be comprised of 80 acres and, further, requiring and establishing that said drilling and spacing units should consist of the N-1/2 and S-1/2 of each quarter section and that the permitted well for each such drilling and spacing unit shall be located in the center of the NW-1/4 and the center of the SE-1/4 of each quarter section with the tolerance of 200 feet in any direction when surface topography makes it necessary.

6. That it is necessary, in order to afford each owner of an interest in production from the subject lands an opportunity to protect his respective correlative right to produce the share of recoverable hydrocarbons initially in place under his respective tract to establish by order that drilling and spacing units should consist of the N-1/2 and S-1/2 of each quarter section and that the permitted well for each such drilling and spacing unit shall be located in the center of the NW-1/4 and the center of the SE-1/4 of each quarter section with the tolerance of 200 feet in any direction when surface topography makes it necessary.

7. That 80 acre drilling and spacing units consisting of the N-1/2 and S-1/2 of each quarter section (or, based upon administrative approval for geologic reasons, and with the approval of all offset operators, the E-1/2 and W-1/2 of each quarter section) are units of uniform size and shape.

8. That the Nugget Formation and the Twin Creek Formation each, respectively, constitute a "pool".

9. That one well producing oil and associated hydrocarbons from either the Nugget Formation or the Twin Creek Formation or both, underlying the subject lands will drain the recoverable oil and associated hydrocarbons underlying 80 surface acres (in units as above defined) and 80 surface acres is not smaller, nor greater, than the maximum area that can be efficiently and economically drained by one well.

10. That it is necessary in order to promote and effect orderly development of the field that the staff of the Board may, for geological reasons and with the approval of all offset operators, grant by administrative approval authority for drilling units to be located in the E-1/2 and W-1/2 of each quarter section with the permitted well location to be as herein otherwise provided.

11. That in any quarter section where a well has been completed prior to the effective date of this order, and where there is either a difference in royalty ownership or overriding royalty ownership within the quarter section, the owners of the interest shall share in production from the existing well and any subsequent well completed

in the quarter section as their respective interests appear. Otherwise, the provisions of this Order shall prevail.

FINDINGS OF FACT

1. That drilling and spacing units for development of the subject lands should be comprised of 80 acres and that the drilling and spacing units should consist of the N-1/2 and S-1/2 of each quarter section and the permitted well location for each such drilling and spacing unit located in the center of the NW-1/4 and the center of the SE-1/4 of each quarter section with the tolerance of 200 feet in any direction when surface topography makes it necessary. That such drilling and spacing units will prevent the types of waste contemplated by the Statutes of the State of Utah.

2. In order to afford each owner of an interest in production from the subject lands an opportunity to protect his respective correlative right to produce the share of recoverable hydrocarbons initially in place under his respective tract, drilling and spacing units should consist of the N-1/2 and S-1/2 of each quarter section and the permitted well location for each such drilling and spacing unit shall be located in the center of the NW-1/4 and the center of the SE-1/4 of each quarter section with the tolerance of 200 feet in any direction when surface topography makes it necessary.

3. That the American Quasar Petroleum Company Newton Sheep Company No. 1 well, located 1,780 feet from the South line and 1,220 feet from the East line of the NE-1/4 of the SE-1/4 of Section 4, Township ⁷ North, Range 7 East, SLM, Summit County, Utah, shall be an exception location to the permitted well location prescribed in this Order.

4. That one well producing oil and associated hydrocarbons from either the Nugget Formation or the Twin Creek Formation, or both, underlying the subject lands will drain the recoverable oil and associated hydrocarbons underlying 80 surface acres (in units as above defined) and 80 surface acres is not smaller, nor greater, than the maximum area that can be efficiently and economically drained by one well.

5. That the Nugget Formation underlies the subject lands and that said formation constitutes a "pool". That the Nugget Formation for all purposes herein is defined as that interval or stratigraphic equivalent of 9,818 feet down to and including 11,070 feet as shown on the Dual Induction-Laterolog of the Newton Sheep Company Well No. 1 located in the NE-1/4 SE-1/4 of Section 4, Township 2 North, Range 7 East, SLM, Summit County, Utah.

6. That the Twin Creek Formation underlies the subject lands and that said formation constitutes a "pool". That the Twin Creek Formation for all purposes herein is defined as that interval or stratigraphic equivalent of 8,049 feet down to and including 9,284 feet as shown on the Compensated Neutron Formation Density Log of the UPRR No. 3-3 well, dated May 24, 1976, located in the NW-1/4 of the SE-1/4 of Section 3, Township 2 North, Range 7 East, SLM, Summit County, Utah.

7. That one well producing oil and associated hydrocarbons from the Nugget Formation or the Twin Creek Formation, or both, underlying the subject lands will drain the recoverable oil and associated hydrocarbons underlying 80 surface acres (in units as above defined) and 80 surface acres is not smaller, nor greater, than the maximum area that can be efficiently and economically drained by one well.

8. That 80 acre drilling and spacing units best accommodate, for the purposes of prevention of waste and protection of correlative rights, the existing development in the field, future development of the field, and has the effect of maximizing ultimate future recovery of oil and associated hydrocarbons.

9. That the temporary drilling and spacing Order first entered by this Board in Cause 160-1 on March 19, 1975 and extended by this Board in Cause 160-4 on March 24, 1976, should be and is hereby vacated. That this Order replaces all pre-existing Orders relating to drilling and spacing units as to the subject lands.

10. That this Order should be and is hereby a permanent ² Order.

Draft

11. That the flaring of gas incident to production of oil and associated hydrocarbons shall not be permitted and drilling and production operations conducted pursuant to authorizations contained in this Order shall be conducted in such a manner as to provide for maximum recovery, and capacities of gas plants as available from time to time in the course of development of the field shall not, by operators in the field, be exceeded.

12. That water unavoidably produced with oil, or otherwise developed and brought to the surface by operations authorized herein, shall be disposed of by operators in all respects in accordance with requirements of Utah Law.

13. That commingling of oil and gas produced from the Nugget and Twin Creek Formations, is hereby forbidden without further order of the Board; that separate production facilities shall be maintained for oil produced from each formation through volume measurements, whether they be metered volume or volume measurements; and that gas volumes produced from each formation shall be metered prior to combining gas for processing.

That pursuant to the foregoing "Conclusions of Law" and "Findings of Fact", the Board hereby makes the following

ORDER

1. That drilling and spacing units for development of the subject lands shall be comprised of 80 acres and that the drilling and spacing units shall consist of the N-1/2 and S-1/2 of each quarter section and the permitted well location for each such drilling and spacing unit shall be located in the center of the NW-1/4 and the center of the SE-1/4 of each quarter section with the tolerance of 200 feet in any direction when surface topography makes it necessary. That such drilling and spacing units will prevent the types of waste contemplated by the Statutes of the State of Utah.

2. In order to afford each owner of an interest in production from the subject lands an opportunity to protect his respective correlative right to produce the share of recoverable hydrocarbons initially in place under his respective tract, drilling and spacing units should consist of the N-1/2 and S-1/2 of each quarter section and the permitted well location for each such drilling and spacing unit shall be located in the center of the NW-1/4

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and the center of the SE-1/4 of each quarter section with the tolerance of 200 feet in any direction when surface topography makes it necessary.

3. That the American Quasar Petroleum Company Newton Sheep Company No. 1 well, located 1,780 feet from the South line and 1,220 feet from the East line of the NE-1/4 of the SE-1/4 of Section 4, Township ²4 North, Range 7 East, SLM, Summit County, Utah, shall be an exception location to the permitted well location prescribed in this Order.

4. That one well producing oil and associated hydrocarbons from either the Nugget Formation or the Twin Creek Formation, or both, underlying the subject lands will drain the recoverable oil and associated hydrocarbons underlying 80 surface acres (in units as above defined) and 80 surface acres is not smaller, nor greater, than the maximum area that can be efficiently and economically drained by one well.

5. That the Nugget Formation underlies the subject lands and that said formation constitutes a "pool". That the Nugget Formation for all purposes herein is defined as that interval or stratigraphic equivalent of 9,818 feet down to and including 11,070 feet as shown on the Dual Induction-Laterolog of the Newton Sheep Company Well No. 1 located in the NE-1/4 SE-1/4 of Section 4, Township 2 North, Range 7 East, SLM, Summit County, Utah.

6. That the Twin Creek Formation underlies the subject lands and that said formation constitutes a "pool". That the Twin Creek Formation for all purposes herein is defined as that interval or stratigraphic equivalent of 8,049 feet down to and including 9,284 feet as shown on the Compensated Neutron Formation Density Log of the UPRR No. 3-3 well, dated May 24, 1976, located in the NW-1/4 of the SE-1/4 of Section 3, Township 2 North, Range 7 East, SLM, Summit County, Utah.

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8. That 80 acre drilling and spacing units best accommodate for purposes of prevention of waste and protection of correlative rights the existing development in the field, future development of the field, and has the effect of maximizing ultimate future recovery of oil and associated hydrocarbons.

9. That the temporary drilling and spacing Order first entered by this Board in Cause 160-1 on March 19, 1975 and extended by this Board in Cause 160-4 on March 24, 1976, should be and is hereby vacated. That this Order replaces all pre-existing Orders relating to drilling and spacing units as to the subject lands.

10. That this Order should be and is hereby a permanent Order.

11. That flaring of gas incident to production of oil and associated hydrocarbons shall not be permitted, and drilling and production operations conducted pursuant to authorizations contained in this Order shall be conducted in such a manner as to provide for maximum recovery, and capacities of gas plants as available from time to time in the course of development of the field shall not, by operators in the field, be exceeded.

12. That water unavoidably produced with oil, or otherwise developed and brought to the surface by operations authorized herein, shall be disposed of by operators in all respects in accordance with requirements of Utah Law.

13. That commingling of oil and gas produced from the Nugget and Twin Creek Formations, is hereby forbidden without further order of the Board; that separate production facilities shall be maintained for oil produced from each formation through measurements; and that gas volumes produced from each formation shall be metered prior to combining gas for processing.

14. That it may be necessary, in order to promote and effect orderly development of the field, that the staff of the Board may, for geological reasons, and with the approval of all offset operators, by administrative approval grant authority for drilling units to be located

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in the E-1/2 and W-1/2 of each quarter section with the permitted well location to be as herein otherwise provided. Such administrative approval for geological ^{and/or topographical} reasons based upon full disclosure of all relevant geological and geophysical facts to the staff and other operators is hereby expressly authorized.

IT IS FURTHER ORDERED:

That the Board retains continuing jurisdiction over all matters covered by this Order and over all parties affected thereby and particularly the Board retains and reserves continuing jurisdiction to make further Orders as it may deem appropriate and as authorized by statute and applicable regulations.

ENTERED this _____ day of _____, 1976

BOARD OF OIL, GAS AND MINING

Guy N. Cardon, Chairman

Charles R. Henderson

Robert R. Norman

Hyrum L. Lee