

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

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In the Matter of the Application ) of PALMER OIL & GAS COMPANY, for ) an Order Modifying Prior Orders ) of the Board in Cause No. 4, ) Covering the Bar X Anticline Area,) ) Grand County, Utah. )	FINDINGS OF FACT AND ORDER  CAUSE NO. 165-3
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The above-captioned Cause No. 165-3 is before the Oil and Gas Conservation Commission on the application of Palmer Oil & Gas Company, for an Order amending previously established spacing units, creating new spacing units, allowing commingling of production in said spacing units from the Morrison and Dakota formations, and other relief, all relating to the following described lands in the Bar X Anticline Area, Grand County, Utah:

Township 17 South, Range 26 East, SLB&M  
Section 4: Lots 1, 2, 3 and 4  
Section 5: All  
Section 8: N-1/2  
Section 9: Lots 1 and 2

Township 16 South, Range 26 East, SLB&M  
Section 32: All  
Section 33: All

A hearing was held on the application on January 31, 1979. No one appeared at the hearing in objection to the application; however, Terra Resources, Inc., filed a written protest relating to the well location portions of the application, and said protest was accepted and has been duly considered. Three witnesses were called and evidence was taken in support of the application.

NOW, THEREFORE, after due and careful consideration, this Commission makes the following Findings of Fact:

FINDINGS OF FACT

1. That due notice of the time, place and purpose of the hearing has been duly given in all respects as required by the applicable law and regulations.
2. That the Commission has jurisdiction over the subject matter described in said Notice and of the parties interested therein, and jurisdiction to promulgate the Order hereinafter set forth.

3. The area involved in this cause, hereinafter referred to for convenience as "subject lands", lies within Grand County, Utah, and is described as follows:

Township 17 South, Range 26 East, SLB&M  
Section 4: Lots 1, 2, 3 and 4  
Section 5: All  
Section 8: N-1/2  
Section 9: Lots 1 and 2

Township 16 South, Range 26 East, SLB&M  
Section 32: All  
Section 33: All

4. The Dakota and Morrison formations are lenticular sands with variable porosity and permeability. Both of said formations underlie all of the subject lands and constitute common sources of supply. The Dakota and Morrison formations are defined as all zones from the top of the Dakota to the top of the Entrada formation.

5. One well to each 320 acres for gas production will efficiently and economically drain the Dakota formation under the subject lands; likewise, one well to each 320 acres will efficiently and economically drain the Morrison formation as found under the subject lands.

6. That drilling and spacing units of approximately 320 acres running in either a North-South or East-West direction according to the government survey of the subject lands should be established in order to prevent waste, to avoid the drilling of unnecessary wells, and to protect the correlative rights of interested parties. Existing Field Rule 4-4, providing for 480-acre drilling units, should be amended to provide spacing units of approximately 320 acres on the relevant subject lands as follows:

Zone 1

Drilling Unit No. 1: N-1/2 Section 8-T17S-R26E  
Lots 1 and 2 Section 9-T17S-R26E  
Containing 335.45 acres.

Drilling Unit No. 1A: Lots 3 and 4 Section 4-T17S-R26E  
S-1/2 Section 5-T17S-R26E  
Containing 336.97 acres.

Drilling Unit No. 2: Lots 1 and 2 Section 4-T17S-R26E  
N-1/2 Section 5-T17S-R26E  
Containing 359.90 acres.

7. In order to prevent waste, avoid the drilling of unnecessary wells and to protect correlative rights, three approximate 320-acre drilling and spacing units should be created in Sections 32 and 33, Township 16 South, Range 26 East, SLB&M, with the first unit covering the North half of Section 32 (320 acres); the second unit covering the South half of Section 32 (320 acres); and the third unit covering Section 33 (304.68).

8. That pressure data and gas analyses indicate the Dakota and Morrison formations are a common source of supply and can be produced commingled with no adverse effects on either reservoir.

9. If a well is completed as a produced in both the Dakota and Morrison formations, such well may be completed in both the Dakota and Morrison formations so as to commingle the gas through the same well bore.

10. Except as may be hereafter ordered by the Commission, after notice and hearing and as hereinafter provided, the permitted well for a spacing unit covering the subject lands should not be located nearer than 800 feet from the spacing unit boundary, and should not be nearer than 1,600 feet from a well producing from the same reservoir. The location of the well is to be defined as the point where the well bore intersects the producing formation. Provided however, that the well bore shall not be perforated or otherwise open to production in a manner that the lowest perforations in said well bore is nearer than 800 feet measured horizontally from the boundary of the 320-acre unit on which the well is located. Exceptions to the well location limitations set forth herein may be permitted administratively, without hearing, for geologic or topographic reasons.

ORDER

IT IS HEREOFRE ORDERED by the Commission as follows:

1. That 320-acre drilling and spacing units be and the same are hereby established for the production of gas from the Dakota and Morrison formations underlying the subject lands as above defined.

2. That Field Rule 4-4 in Cause No. 4 shall be amended to provide for 320-acre (more or less) drilling and spacing units as provided in Finding No. 6 of the foregoing Findings. The shape and pattern of the new drilling and spacing units shall be as set forth and defined in Finding No. 7 of the foregoing Findings.

3. That no more than one well shall be drilled and completed on any such unit for the production of gas, and one well may be completed in both the Dakota and Morrison formations so as to commingle the production of gas from both formations through the same well bore.

4. That the location of the permitted well for each unit shall be as set forth and defined in Finding No. 10 of the foregoing Findings, provided, however, that exceptions to such locations may be granted administratively, without hearing, for geologic or topographic reasons.

5. That nothing in the foregoing Findings of Fact nor in this Order is intended, or shall be construed in any manner to determine or effect any question relating to the boundaries of any lease or the title to any lands, or to determining the rights of any party in respect to any voluntary or involuntary pooling of interest within any hereby established spacing or drilling unit.

6. This Order shall be effective forthwith.

7. The Commission retains continuing jurisdiction of all matters covered by this Order.

DATED this 28<sup>th</sup> day of February, 1979.

BY ORDER OF THE OIL AND GAS  
CONSERVATION COMMISSION OF  
THE STATE OF UTAH

*C. D. Henderson*

*E. Steele McIntyre*

*Constance G. Gundersen*

*James J. [unclear]*  
*James J. [unclear]*