



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 PALMER OIL AND GAS COMPANY FOR AN)
ORDER ESTABLISHING 320-ACRE DRILLING)
AND SPACING UNITS FOR THE DEVELOP-)
MENT AND PRODUCTION OF GAS FROM THE)
DAKOTA AND MORRISON FORMATIONS UNDER-)
LYING CERTAIN LANDS IN THE WESTWATER)
AND BRYSON CANYON AREAS, GRAND COUNTY,)
UTAH.)

CAUSE NO. 165-4

FINDINGS OF FACT AND ORDER

The above captioned Cause No. 165-4 is before the Oil, Gas and Conserva-
tion Commission on the application of Palmer Oil & Gas Company, for an Order
establishing and creating new drilling and spacing units of 320 acres running in
either a North - South or East - West direction, other special drilling and
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 Westwater and Bryson Canyon Areas, Grand County, Utah:

Township 16 South, Range 24 East, SLB&M

- Section 25: All
- Section 26: All
- Section 27: All
- Section 28: All
- Section 29: All
- Section 30: All
- Section 31: All
- Section 33: E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$
- Section 34: All
- Section 35: All
- Section 36: All

Township 17 South, Range 25 East, SLB&M

- Section 6: All

Township 17 South, Range 24 East, SLB&M

- Section 1: All
- Section 2: All
- Section 3: All
- Section 4: All
- Section 5: S $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$
- Section 11: All
- Section 12: All
- Section 14: All
- Section 15: S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$
- Section 19: S $\frac{1}{2}$

A hearing was held on the application on May 23, 1979. No one appeared at the hearing in objection to the application; however, Burton Hancock filed a telegram relating to an offset consideration in Section 5, Township 17 South, Range 25 East, SLB&M, and said telegram 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 16 South, Range 24 East, SLB&M

Section 25: All
Section 26: All
Section 27: All
Section 28: All
Section 29: All
Section 30: All
Section 31: All
Section 33: E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$
Section 34: All
Section 35: All
Section 36: All

Township 17 South, Range 25 East, SLB&M

Section 6: All

Township 17 South, Range 24 East, SLB&M

Section 1: All
Section 2: All
Section 3: All
Section 4: All
Section 5: S $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$
Section 11: All
Section 12: All
Section 14: All
Section 15: S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$
Section 19: S $\frac{1}{2}$

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 drilled on each 320 acres for gas production will efficiently and economically drain the Dakota formation under the subject lands; likewise, one well drilled on each 320 acres will efficiently and economically drain the Morrison formation as found under the subject lands; with the exception of the following described lands for which special drilling and spacing units are necessary to adequately and efficiently produce the gas underlying said lands and to protect correlative rights:

Grand County, Utah

Township 16 South, Range 24 East, SLB&M

Section 33: SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$
(consisting of 240 acres)

Section 33: NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$
(consisting of 280 acres)

Township 17 South, Range 24 East, SLB&M

Section 5: S $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$
(consisting of 120 acres)

Section 15: SE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$
(consisting of 240 acres)

Section 15: SW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$
(consisting of 240 acres)

6. That drilling and spacing units of 320 acres running 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, with the exception of the lands described in Paragraph 5 of this Order which lands require special spacing and drilling units as follows:

Spacing and Drilling Unit No. 1: SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ Section 33-16S-24E
(containing 240 acres)

Spacing and Drilling Unit No. 2: NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$
Section 33-16S-24E
(containing 280 acres)

Spacing and Drilling Unit No. 3: S $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 5-17S-24E
Containing 120 acres.

Spacing and Drilling Unit No. 4: SE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$ Section 15-17S-24E
Containing 240 acres.

Spacing and Drilling Unit No. 5: SW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$ Section 15-17S-24E
Containing 240 acres.

7. 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.

8. If a well is completed as a producer 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.

9. 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 500 feet from the spacing unit boundary, and should not be nearer than 1,600 feet from a well producing from existing wells in adjacent spacing units. 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 500 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 THEREFORE 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 with the exception of the following described lands for which special drilling and spacing units be and the same are hereby established for the production of gas from the Dakota and Morrison formations:

Spacing and Drilling Unit No. 1: SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ Section 33-16S-24E
Containing 240 acres.

Spacing and Drilling Unit No. 2: NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 33-
16S-24E
Containing 280 acres.

Spacing and Drilling Unit No. 3: S $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 5-17S-24E
Containing 120 acres.

Spacing and Drilling Unit No. 4: SE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$ Section 15-17S-24E
Containing 240 acres.

Spacing and Drilling Unit No. 5: SW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$ Section 15-17S-24E
Containing 240 acres.

2. 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.

3. That the location of the permitted well for each unit shall be as set forth and defined in Finding No. 9 of the foregoing Findings, provided, however, that exceptions to such locations may be granted administratively, without hearing, for geologic or topographic reasons.

4. 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.

5. This Order shall be effective forthwith.

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

DATED this 28th day of June, 1979.

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

E. R. Henderson
E. Steve McIntyre

Wm. L. Bell
John L. Bell
Edward Bell