

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

IN THE MATTER OF THE REQUEST)	
FOR AGENCY ACTION OF UNION)	FINDINGS OF FACT AND
PACIFIC RESOURCES, FOR AN)	CONCLUSIONS OF LAW
ORDER ESTABLISHING HORIZONTAL)	AND ORDER
DRILLING AND SPACING UNITS)	
FOR THE TWIN CREEK FORMATION)	
LOCATED IN SECTIONS 2, 3, 4, 9, 10)	DOCKET NO. 97-002
AND 11, TOWNSHIP 2 NORTH,)	
RANGE 7 EAST, AND SECTION 34,)	CAUSE NO. 167-8
TOWNSHIP 3 NORTH,)	
RANGE 7 EAST, S.L.B. & M.,)	
SUMMIT COUNTY, UTAH.)	

Pursuant to the Request for Agency Action of Union Pacific Resources ("Petitioner"), this cause came before the Board of Oil, Gas and Mining ("Board"), Department of Natural Resources, on March 26, 1997, commencing at the hour of 11:00 a.m., in the Board Room of the Division of Oil, Gas and Mining ("Division"), 1594 West North Temple, Suite 1040A, Salt Lake City, Utah.

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

Dave D. Lauriski, Chairman
Raymond Murray
Jay Christensen
Thomas Faddies
Elise Erler
Wayne Allan Mashburn

The Board was represented by Patrick J. O'Hara, Esq. and the Division was represented by Dan Moquin, Esq., both Assistant Attorneys General for the State of Utah.

James W. Carter, Director of the Division, and Ronald J. Firth, Associate Director, Oil and Gas, for the Division participated in the hearing.

John S. Kirkham, Esq. of Stoel Rives LLP represented the Petitioner, and Charlene Cooper-Day, Lance Cook and Rob Dunleavy appeared as witnesses for the Petitioner.

NOW, THEREFORE, the Board, having considered the Request for Agency Action, the testimony of the witnesses and the exhibits presented at said hearing and being fully advised in the premises, now makes and enters the following:

FINDINGS OF FACT

1. Due and regular notice of the time, place and purpose of the March 26, 1997 hearing was given to all interested parties as required by law and the rules and regulations of the Board.
2. Pursuant to Utah Code Ann. § 40-6-5 (1996) the Board has jurisdiction over this matter and over all of the parties interested therein, and to make and promulgate the Order hereinafter set forth.
3. Petitioner is a corporation duly authorized to transact business in the State of Utah.
4. The factual representations contained in Petitioner's Request For Agency Action are substantially true and correct.

5. The land covered by this Petition is located in Sections 2, 3, 4, 9, 10, and 11 Township 2 North, Range 7 East, and Section 34, Township 3 North, Range 7 East, S.L.B.&M., in Summit County, Utah (“Subject Lands”).

6. The formation covered by this Petition is the Twin Creek Formation, including its various members, in the Subject Lands (“Twin Creek”).

7. Petitioner is a working interest owner of record and the operator under fee land leases covering significant portions of the Subject Lands.

8. New horizontal drilling technology presently available allows wells to be drilled with a single vertical component and one or more horizontally drilled laterals in the same member of a formation.

9. New horizontal drilling technology presently available also allows horizontally-drilled laterals from different vertical wells to penetrate and effectively drain oil, gas and hydrocarbons from distinct members of the same formation without interference or communication with other horizontal laterals in the same formation.

10. As to each member in a given formation, 640 acres is the maximum area that can be efficiently and economically drained by one well having one or more horizontal laterals.

11. Petitioner proposes to employ the above horizontal drilling technology to efficiently drain the area within each proposed horizontal drilling and spacing unit.

12. Petitioner’s proposed 640-acre horizontal drilling and spacing units cover the entire “pool” within the Twin Creek in the Subject Lands.

13. Due to the configuration of the Twin Creek, the proposed 640-acre single section horizontal drilling and spacing units will contribute to greater production from the producible zone underlying the Subject Lands.

14. Petitioner's proposed horizontal drilling and spacing units are of a uniform size and shape and are consistent with the established voluntary spacing for horizontal wells in the area.

15. An order from the Board authorizing the drilling of one or more horizontal laterals from a single surface well bore at any surface location within the bounds of the proposed horizontal drilling and spacing units on the Subject Lands will allow the geology of the Twin Creek Formation to dictate the distance and direction of the horizontal laterals up to a distance of 660 feet from any section boundary line.

16. If it can be demonstrated to the satisfaction of the Division that multiple potentially productive members exist within the Twin Creek which can be separately accessed by horizontal drilling technology, up to two vertical well components having one or more horizontal laterals may be necessary within each of the proposed drilling and spacing units to secure maximum ultimate recovery.

17. The vote of the Board to approve the Petition as submitted was unanimous.

CONCLUSIONS OF LAW

1. The proposed 640-acre single section horizontal drilling and spacing units and use of the horizontal drilling technology on the Subject Lands will promote conservation and prevent waste, protect correlative rights, prevent the drilling of

unnecessary wells, and secure the maximum ultimate recovery of oil and gas from the producible zone underlying the Subject Lands.

2. The proposed 640-acre single section horizontal drilling and spacing units and use of the horizontal drilling technology on the Subject Lands will ensure the orderly development of the Twin Creek.

3. Where multiple potentially productive members exist within the Twin Creek that can be separately accessed by horizontal drilling technology, up to two vertical well components having one or more horizontal laterals may be necessary within each of the proposed horizontal drilling and spacing units to secure maximum ultimate recovery.

4. The proposed horizontal drilling and spacing units are of a uniform size and shape and are consistent with the established voluntary spacing for horizontal wells in the area.

ORDER

Based upon the Findings of Fact and Conclusions of Law set forth above, the Board hereby ORDERS that a uniform pattern of seven separate 640-acre single section horizontal drilling and spacing units for the "pool" contained in the Twin Creek on the Subject Lands as requested and set forth in the Petitioner's Request for Agency Action and depicted on Exhibit P-2 attached thereto is hereby established and an exception to the well location and 80-acre spacing as set forth in Cause No. 160-6 & 160-18 is authorized for wells utilizing the horizontal drilling technology. The surface location of any well employing the horizontal drilling technology shall be located no closer than 500 feet from

the exterior section lines of any section established as a horizontal drilling and spacing unit, and where feasible and practicable, existing vertical well bores may be reworked to establish horizontal laterals.

Petitioner is authorized to drill one or more horizontal laterals from a single surface well bore, of which the bottom hole location of any horizontal lateral shall approach no closer than 660 feet from the exterior section lines of any section established as a horizontal drilling and spacing unit and shall approach no closer than 1,000 feet from a vertical well bore's location in the Twin Creek if that vertical well is both (i) presently producing and (ii) draining the same member within the Twin Creek as the horizontal lateral.

To the extent a well utilizing the horizontal drilling technology can be shown, to the satisfaction of the Division, to be designed and engineered to drain oil, gas, and hydrocarbons from distinct members of the same formation without interference or communication with other horizontal laterals in the same formation, a second surface well location and vertical component with one or more horizontally drilled laterals is authorized within each horizontal drilling and spacing unit.

The terms and area included within the horizontal drilling and spacing unit as established in Cause No. 167-7 are hereby amended to be consistent with this order.

The Board retains exclusive and continuing jurisdiction over all matters covered by this Order and over all parties affected thereby, and particularly reserves exclusive and continuing jurisdiction to make further orders as may be appropriate and which are authorized by statute and regulation.

ISSUED AND SIGNED this 8 day of April, 1997.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING



Dave D. Lauriski
Chairman

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing FINDINGS OF FACT AND CONCLUSIONS OF LAW AND ORDER for Docket No. 97-002, Cause No. 167-8 to be mailed by certified mail, postage prepaid, on this 10 day of April, 1997, to the following:

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