

CAUSE NO. 173-95/ DOCKET NO.91-027

IN THE MATTER OF THE APPLICATION
OF CONOCO INC. FOR AN AMEND-
MENT TO THE 320-ACRE SPACING
ORDER IN CAUSES NOS. 173-1 AND
173-2, TO PERMIT AN OPTIONAL SEC-
OND WELL IN CERTAIN LANDS IN THE
OURAY FIELD OF UINTAH COUNTY,
UTAH

ORDERS INDEX

<u>ORDER</u>	<u>DATE SIGNED</u>	<u>DESCRIPTION</u>
#1	⁸ 8/1/91	FINDINGS OF FACT AND ORDER

August 30, 1991

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

IN THE MATTER OF THE APPLICATION)	
OF CONOCO INC. FOR AN AMEND-)	FINDINGS OF FACT
MENT TO THE 320-ACRE SPACING)	AND ORDER
ORDER IN CAUSES NOS. 173-1 AND)	
173-2, TO PERMIT AN OPTIONAL SEC-)	DOCKET NO. 91-027
OND WELL IN CERTAIN LANDS IN THE)	
OURAY FIELD OF UINTAH COUNTY,)	CAUSE NO. 173-9 S
UTAH)	
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This Cause was Noticed by the Utah Board of Oil, Gas and Mining ("Board") for a hearing on August 1, 1991 in order for Conoco Inc. to give a report on recently drilled second wells and to show cause why additional optional wells should not be allowed for all 320-acre drilling and spacing units originally established by the Board's Order in Cause No. 173-1 dated February 22, 1978. Sitting for the Board were James W. Carter, presiding, Judy F. Lever, Kent G. Stringham, Jay L. Christensen, E. Steele McIntyre, John M. Garr and Raymond Murray, together with Thomas A. Mitchell, Utah Assistant Attorney General assigned to the Board. Also participating were Dr. Dianne R. Nielson, Director of the Utah Division of Oil, Gas and Mining; Ronald J. Firth, Associate Director for Oil and Gas; Frank R. Matthews, Petroleum Engineer; and Brad G. Hill, Petroleum Geologist. In attendance on behalf of the Bureau of Land Management

("BLM") were Robert Henricks and Assad Rafoul, Petroleum Engineers with the Utah State Office; and Jerry Kenska, Petroleum Engineer in the Vernal District Office.

Appearing as attorney for Conoco, Inc. was Robert G. Pruitt, Jr. of Pruitt, Gushee & Bachtell. Testifying on behalf of Conoco, Inc. were Julie D. Crumpler, Landman; Jack R. Uresk, Staff Geologist; and Fred Phillips, Production Engineer. There were no appearances or communications in opposition to the Order to Show Cause.

Based upon the testimony and evidence presented by Conoco, Inc. at the hearing, the Board makes and enters the following Findings of Fact and Order:

FINDINGS OF FACT

1. Due and proper notice was given to all interested parties, and the Board has jurisdiction to hear this matter and to make the findings and order set forth herein.

2. On February 22, 1978 the Board in Cause No. 173-1 established 320-acre drilling and spacing units for the Wasatch/Mesaverde formation for all or parts of 27 sections comprising the Ouray field in Uintah County, Utah. Most of said 27 sections are communitized on the basis of 320 acres each and the wells are operated by Conoco, Inc.

3. In 1984 (Cause Nos. 173-6 and 173-7) and 1989 (Cause No. 173-8), Conoco requested an optional second well for certain 320-acre drilling units, testifying at the respective hearing that one well did not appear to drain a full 320 acre unit because of complex geologic factors. The Board in each instance granted the requested optional

second well, but in the Order dated June 28, 1989 (Cause No. 173-8), the Board required Conoco to report back to it after the additional well had been drilled and show cause why the Board should not allow an additional optional well for all 320-acre drilling units established by Order in Cause No. 173-1.

4. By Notice dated July 8, 1991, the Board ordered Conoco to appear at a formal hearing on August 1, 1991 to report on the findings of the additional wells drilled to date, and show cause why an additional optional well should not be allowed for all of the 320-acre drilling units originally established by Order in Cause No. 173-1.

5. Conoco reported that the first optional additional well was the Black 6 #35, spudded March 31, 1990 in the N $\frac{1}{2}$ of Sec. 6, T9S, R21E. This well offsets the #6-3 and #6-29 wells in Sec. 6. Another optional additional well proposed for the NE $\frac{1}{4}$ of Sec. 3, T9S, R21E, was never drilled. The second optional additional well drilled was the Ankerpont #35-36 well in the SW $\frac{1}{4}$ of Sec. 35, T8S, R21E, which offsets the #35-5 and #35-19 wells in Sec. 35.

6. Due to delays involving surface permitting across Ute Indian lands for both well locations and for the production pipeline rights-of-way, only limited testing and production had been accomplished as of the August 1 date of the hearing. Information from both wells confirms the erratic, unconnected nature of the sandstone beds from which production in the Wasatch/Mesaverde formation is obtained. Geology, tests and

production data obtained from these additional wells supports the premise that one well is not generally capable of adequately draining a 320-acre drilling unit in the Wasatch/Mesaverde formation, due mainly to erratic geologic factors.

7. There does not appear sufficient cause why an optional additional well should not be authorized for each of the existing 320-acre spacing units for the Wasatch/Mesaverde formation as originally established by the Board's Order in Cause No. 173-1, provided that the operator of such drilling unit exercises the option to drill an additional well, based upon economic and geologic factors pertaining to each proposed location.

ORDER

Now, therefore, based upon the report of Conoco, Inc., and in the absence of any cause why an optional additional well should not be routinely authorized, the Board enters the following Order:

1. The Board's Order in Cause No. 173-1 is amended to authorize an optional additional well to be drilled in each 320-acre drilling and spacing unit for the Wasatch/Mesaverde formation within the following described lands:

Township 8 South, Range 20 East, SLM

Secs. 33-36: All

Township 9 South, Range 20 East, SLM

Secs. 1-4: All

Township 8 South, Range 21 East, SLM

Secs. 29-36: All

Township 9 South, Range 21 East, SLM

Secs. 1, 4-6: All

Secs. 2 and 3: N $\frac{1}{2}$

Township 8 South, Range 22 East, SLM

Secs. 30 and 31: All

Township 9 South, Range 22 East, SLM

Secs. 4-6: All

The option to drill such additional well shall be exercised by the operator of the 320-acre drilling and spacing unit, based upon said operator's evaluation of financial and geologic factors applicable to said proposed drill site.

2. The Wasatch/Mesaverde formation is defined as that interval below the stratigraphic equivalent of 4,772 feet down to and including the stratigraphic equivalent of 9,740 feet, as shown on the induction electrical log of the Chapita Wells Unit Well #5 located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec. 22, T9S, R22E, SLM in Uintah County, Utah.

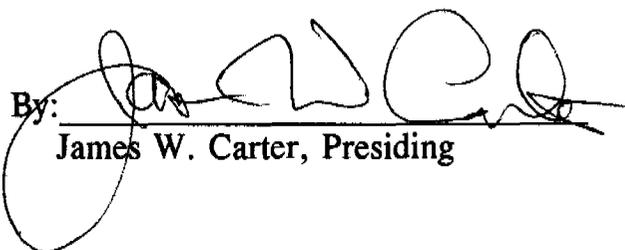
3. Each optional additional well shall be located in the center of the offsetting quarter section within such 320-acre drilling and spacing unit, with a tolerance of 660 feet

in any direction, but not less than 2,640 feet from other wells completed and producing from the Wasatch/Mesaverde formation.

4. This Board retains continuing jurisdiction over the matters covered by this Order, and over all parties affected thereby.

Entered this 1st day of August, 1991.

BOARD OF OIL, GAS AND MINING

By: 
James W. Carter, Presiding

CERTIFICATE OF MAILING

I hereby certify that I caused a true and correct copy of the foregoing FINDINGS OF FACT AND ORDER for Docket No. 91-027, Cause No. 173-9 to be mailed by certified mail, postage prepaid, the 28th day of August, 1991 to:

- ✓ Robert G. Pruitt, Jr., Esq.
Pruitt, Gushee & Bachtell
1850 Beneficial Life Tower
Salt Lake City, Utah 84111
- ✓ Paul Schulz, Supervising Engineer
Conoco, Inc.
851 Werner Court
Casper, Wyoming 82601-1311

Mailed first class to:

United States Department
of the Interior
Bureau of Indian Affairs
Uintah & Ouray Indian Agency
Royalty Management Program
P.O. Box 5810 TA
Denver, Colorado 80217

Mary Alice Arentz
2440 South 2300 East
Salt Lake City, Utah 84109

Chevron, USA Inc.
P.O. Box 70255
Chicago, Illinois 60673

Lance C. Denver &
Chris H. Denver, JT
P.O. Box 85
Roosevelt, Utah 84066

Enron Oil & Gas Co.
P.O. Box 101016
Houston, Texas 77212

Gilman A. Hill &
Lavon S. Hill
7128 Poplar Lane
Englewood, Colorado 80112

William M. Lansdale
P.O. Box 27
Seal Beach, California 90740

Eugene M. Lovato
1181 Lowell Court #4
Grand Junction, Colorado
81506

Steven M. Lovato
3824 S. Cedarwood
Tucson, Arizona 85730

✓ Ronald D. Lujan
1450 S. Quitman
Denver, Colorado 80219

United States Department
of the Interior
Mineral Management Service
P.O. Box 5810
Denver, Colorado 80217

Walter K. Arbuckle
1580 Lincoln Street
Suite 1100
Denver, Colorado 80203

G.W. Bayne, Trustee
P.O. Box 1785
Grand Junction, Colorado
81502

Lupe L. Deherrera
290 South 100 East
Vernal, Utah 84078

Elizabeth Duran
4542 West 165th Street
Lawndale, California 90620

Joann Haining
P.O. Box 73
Redvale, Colorado 81431

Laurel Hill Trust
c/o Hartford National Bank
15 Main Street
Esset, Connecticut 06426

Alfred Lovato
1833 Jones Avenue
Los Angeles, California 90032

Freda C. Lovato
19431 N. 15th Avenue
Phoenix, Arizona 85027

Viola Lovato
1181 Lowell Court #4
Grand Junction, Colorado
81506

Margaret F. Price
2961 St. Marys Way
Salt Lake City, Utah 84108

Michael J. Sullivan
1814 Crook Avenue
Cheyenne, Wyoming 82001

Vivian Maez
P.O. Box 673
Palmer, Alaska 99645

Jane L. Mariz
1960 Quincy Avenue
Grand Junction, Colorado
81501

N.J. Meagher, Jr.
Margaret F. Price &
Alice Arentz, Trustees for
Katherine G. Hawkes
P.O. Box 122
Vernal, Utah 84078

Clair E. Sullivan
P.O. Box 1044
Cheyenne, Wyoming 82001

William R. Thurston Trust
12995 U.S. Highway 50
Durango, Colorado 81301

N.J. Meagher, Jr.
P.O. Box 122
Vernal, Utah 84078

Ute Distribution Corporation
c/o Bureau of Indian Affairs
Uintah & Ouray Agency
P.O. Box 130
Fort Duchesne, Utah 84026

Robert Henricks
Bureau of Land Management
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-
0155

Assad Rafoul
Bureau of Land Management
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-
0155

Jerry Kenska
Bureau of Land Management
Vernal District Office
170 South 500 East
Vernal, Utah 84078

Kim A. Kubota

COPY

LAW OFFICES
PRUITT, GUSHEE & BACHTTELL

SUITE 1850 BENEFICIAL LIFE TOWER
SALT LAKE CITY, UTAH 84111
(801) 531-8446

TELECOPIER (801) 533-9223
OR (801) 531-8468

ROBERT G. PRUITT, JR.
OLIVER W. GUSHEE, JR.
THOMAS W. BACHTTELL
A. JOHN DAVIS, III
JOHN W. ANDERSON
FREDERICK M. MACDONALD
ANGELA L. FRANKLIN

OF COUNSEL
MICHAEL F. JONES
BRENT A. BOHMAN

August 12, 1991

Thomas A. Mitchell
Assistant Attorney General
Utah Board of Oil, Gas and Mining
355 West North Temple, Suite 350
Salt Lake City, UT 84180

Re: Cause No. 173-9; Docket No. 91-027
(Conoco, Inc.)

Dear Tom:

Enclosed is a proposed Findings of Fact and Order in the above captioned cause for your review and approval. If the document requires no further changes, I would appreciate receiving a photocopy of the signed document for transmittal to Conoco, Inc.

By copy of this letter I am sending copies of the document to R. J. Firth and Janice L. Brown for their information and review. If either of them have any recommended changes, I would appreciate being copied.

Yours very truly,



Robert G. Pruitt, Jr.

RGP/cc
0277.12

Enclosure

cc: Paul Schulz, Supervising Engineer
Conoco, Inc.
851 Werner Court
Casper, WY 82601-1311

R. J. Firth
Janice Brown

RECEIVED

AUG 13 1991

DIVISION OF
OIL GAS & MINING

("BLM") were Robert Henricks and Assad Rafoul, Petroleum Engineers with the Utah State Office; and Jerry Kenska, Petroleum Engineer in the Vernal District Office.

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Entered this 1st day of August, 1991.

BOARD OF OIL, GAS AND MINING

By: _____
James W. Carter, Presiding